

**DEBT MANAGEMENT COMMISSION
WASHOE COUNTY, NEVADA**

**QUARTERLY MEETING
Friday, January 18, 2002**

4:00 p.m.

PRESENT:

David Aiazzi, Chairman
Richard Pugh, Vice Chairman
James Ainsworth, Commissioner
Tony Armstrong, Commissioner
Dan Carne, Commissioner
Robert Seach, Commissioner

Amy Harvey, County Clerk
Paul Lipparelli, Legal Counsel

ABSENT:

Jim Galloway, Commissioner

The Debt Management Commission (DMC) met in the Chambers of the Washoe County Administrative Complex, 1001 East Ninth Street, Reno, Nevada, in full conformity with the law, with Chairman Aiazzi presiding. The Clerk called the roll and the meeting commenced for the purpose of conducting the following business:

AGENDA

On motion by Commissioner Pugh, seconded by Commissioner Ainsworth, which motion duly carried, Chairman Aiazzi ordered that the agenda for the January 18, 2002 quarterly meeting be approved.

PUBLIC COMMENTS

There was no response to the call for public comments.

MINUTES

On motion by Commissioner Ainsworth, seconded by Commissioner Pugh, which motion duly carried with Commissioner Armstrong abstaining, Chairman Aiazzi ordered that the minutes of the December 14, 2001, special meeting be approved.

**02-01DMC RESOLUTION – CITY OF RENO – GENERAL OBLIGATION
(LIMITED TAX) PARK, RECREATION AND BUILDING BONDS
(\$60,000,000)**

Chairman Aiazzi commented that on Tuesday of this week the County Commission voted to table this issue. He said this may hamper the Debt Management Commission's (DMC) ability to move forward with this project because the State adopted a new regulation requiring that any affected entity has to give comment to the DMC on any bond issues.

Paul Lipparelli, Deputy District Attorney, advised that statute does not tell the DMC what to do in the event no comment is made by the affected entity regarding a bond proposal, and does not set forth a time frame within which the affected entity must respond. Therefore, the rule of what is a reasonable amount of time would be called upon, for which there also is no guideline. Another statute states that a hearing must be held within a certain time period after a bond proposal is submitted, so there are two statutes that point in opposition directions. Mr. Lipparelli advised that the danger of going forward today to consider the City of Reno's proposal is that the DMC does not have the benefit of knowing whether the affected entity objects or approves; and one approach that may avoid some sort of constitutional crisis would be for the proposing entity to withdraw the proposal until some time in the future in order to give the County the opportunity to make a comment as required under statute.

Commissioner Ainsworth advised that County Commissioner Joanne Bond said the County tabled the matter because of the lack of information from the City. Chairman Aiazzi said he watched the tape of the meeting and the issue was tabled in order for staff to decide whether they want to add things to the bond or respond to the City regarding existing problems between the County and the City. He stated there was not a lot of information given at the meeting regarding the bond issue itself.

Discussion was held concerning whether the no action taken by the County would be considered an approval or denial of the bond proposal. Mr. Lipparelli stated the affected entity has to either approve or object to the proposal by resolution and provide the reasons for objection; and it would be a stretch to say that failure to adopt the resolution would be deemed an approval. He said the law requires that objections be stated so the DMC can undertake its job to try to resolve the differences, which could not be done without knowing what the objections are. He advised there is no language in the statute that says failure to act would be deemed an objection or an approval, and, since no timeframe is set forth in State law within which a response would have to be made, the quandary would be how long the DMC and the City must wait for an answer from the County. He said he does not have an answer to that question, but it would not be prudent for an entity to wait so long that it impaired the ability of the proposing entity to move the process forward in a timely manner.

Jennifer Stern, Swendseid and Stern, Bond Counsel for the City of Reno, advised that the Clark County DMC recognized this problem and adopted a procedure that an affected governmental entity be given 45 days from the time they are noticed from a proposing governmental entity to respond. She suggested that the DMC could consider establishing a similar policy. Upon inquiry, Mr. Lipparelli said he does not think the DMC can adopt enforceable regulations but could certainly establish a policy to assist its role to resolve conflicts.

Commissioner Carne said he believes no action would cause the entity to lose their right to object and, therefore, would be considered an approval. He said he does not think the affected entity should have the ability to derail something by taking no action. Mr. Lipparelli said the statute provides for 30 – 60 day timeframes to work within during the process, and the question would be whether that is outside the realm of reasonableness.

Upon inquiry of Chairman Aiazzi, Mr. Lipparelli advised there is a statutory interpretation that the more modern statute is used over the older one, and the more specific law is used over the more general law; and that, if both of those interpretations apply in this situation, the argument would be that the legislature intended for the affected entity to comment and failure to do so would foreclose the opportunity to have a say in the matter.

Chairman Aiazzi stated that the County asked their staff to ask other government agencies how the bond proposal would affect them, and he thought that was the job of the DMC. He said he believes that the City of Reno should pull the item off the agenda and bring it forward at another time; and the DMC could meet again next week to try to establish rules relative to response time. Ms. Stern supported the suggestion and said the new law provides that the DMC shall not pass the proposal unless the conflicts have been resolved; and the DMC has the authority to establish a method for resolving the conflicts.

Andrew Green, Financial Director, City of Reno, requested that the City of Reno bond proposal be pulled from the Debt Management Commission agenda to be brought back on a future agenda.

County Clerk Amy Harvey advised that Commissioner Galloway sends his regrets for not being in attendance today, explaining that he thought there would not be a DMC meeting today because the County Commission deferred the Reno bond issue.

02-02DMC RESOLUTION - INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT – GENERAL OBLIGATION (LIMITED TAX) RECREATIONAL FACILITIES BONDS (\$8,000,000)

Jennifer Stern, Swendseid and Stern, Bond Counsel, reviewed background information concerning the Incline Village General Improvement District's bond

proposal. She advised the bonds are additionally secured by pledged revenues generated by the operation of its recreational facilities. She stated that the financial information provided shows that the bond issue will not have an impact on the tax rate and fits within the District's debt limit; and the project is for improvements being made to the Chateau. Ms. Stern responded to questions of the Board, and Marty Johnson, Johnson Consulting, provided additional information concerning the bond proposal.

On motion by Commissioner Armstrong, seconded by Commissioner Ainsworth, which motion duly carried, it was ordered that the following resolution be adopted and Chairman Aiazzi be authorized to execute:

RESOLUTION

A RESOLUTION CONCERNING THE SUBMISSION TO THE WASHOE COUNTY DEBT MANAGEMENT COMMISSION OF A PROPOSAL BY INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT TO ISSUE GENERAL OBLIGATIONS (ADDITIONALLY SECURED BY PLEDGED REVENUES) IN THE MAXIMUM PRINCIPAL AMOUNT OF \$8,000,000; CONCERNING ACTION TAKEN THEREON BY THE COMMISSION; AND APPROVING CERTAIN DETAILS IN CONNECTION THEREWITH.

WHEREAS, pursuant to § 350.020(3) the Incline Village General Improvement District, Nevada (the "District") (subject to the approval of such proposal to issue general obligations by the Washoe County Debt Management Commission) proposes to adopt and publish a resolution of intent to issue general obligation (limited tax) recreational facilities bonds additionally secured by pledged revenues; and

WHEREAS, the District has determined that the pledged revenues will at least equal the amount required in each year for the payment of interest on and principal of such general obligation bonds; and

WHEREAS, the District proposes to incur such general obligations without an election unless a petition, signed by the requisite number of registered voters of the District is presented to the District requiring the District to submit to the qualified electors of the District for their approval or disapproval, the following proposal:

GENERAL OBLIGATION (LIMITED TAX) RECREATIONAL FACILITIES BOND PROPOSAL:

Shall the Board of Trustees of the Incline Village General Improvement District be authorized to issue negotiable,

revenue supported general obligation bonds of the District, in one series or more, in an aggregate principal amount of not exceeding \$8,000,000 to defray wholly or in part the cost of acquiring, constructing, reconstructing, improving, extending, and bettering the District's lands, works, systems and facilities for recreation and equipment, furnishings, improvements and appurtenances incidental thereto; the bonds to mature serially commencing not later than 5 years from the date or respective dates of the bonds and ending not later than 30 years therefrom, to bear interest at a rate or rates not in excess of the statutory maximum rate in effect at the time the bonds are sold, to be payable from general (ad valorem) taxes (except to the extent other monies are available therefor), and to be additionally secured by and payable from the net revenues of the District's recreational facilities and to be issued and sold at par or below or above par, at an effective interest rate (including any sale discount) not exceeding the statutory maximum rate, if any, as shall be determined at the time of the sale thereof and otherwise to be issued in such manner, upon such terms and conditions with such covenants and agreements, and with such other detail as the Board of Trustees of the District may determine, including at its option but not necessarily limited to provisions for the redemption of bonds prior to maturity without or with the payment of a premium?

(the "Proposal"); and

WHEREAS, pursuant to NRS § 350.0145, the Secretary, with the approval of the Chairman of the Commission, thereupon, within ten days from the receipt of the Proposal, gave notice of a meeting to be held not more than twenty days thereafter, and provided a copy of the Proposal to each member of the Commission with the notice of the meeting; and

WHEREAS, the Commission has heard anyone desiring to be heard and has taken other evidence relevant to its approving or disapproving the Proposal; and

WHEREAS, the Commission has considered all matters in the premises.

NOW, THEREFORE, BE IT RESOLVED BY THE DEBT MANAGEMENT COMMISSION OF WASHOE COUNTY, NEVADA:

Section 1. This resolution shall be known as the "2002 IVGID DMC Approval Resolution."

Section 2. The Commission hereby finds that the requirements of NRS §§ 350.011 to 350.0165, inclusive, have been met, and the Proposal for the issuance of general obligation recreational facilities bonds proposed by the District is hereby approved.

Section 3. The Commission and the officers thereof hereby are authorized and directed to take all action necessary or appropriate to effectuate the provisions of this resolution.

Section 4. All bylaws, orders, resolutions or parts thereof in conflict with this resolution are hereby repealed. This repealer shall not be construed to revive any bylaw, order, resolution or part thereof heretofore repealed.

Section 5. If any section, paragraph, clause or provision of this resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of the section, paragraph, clause or provision shall not affect any of the remaining provisions of this resolution.

Section 6. This resolution shall become effective and be in force immediately upon its adoption.

02-03DMC DISCUSSION REGARDING FUTURE MEETINGS

Chairman Aiazzi said he would like to schedule a meeting next Friday to consider adopting a policy similar to Clark County to aid the DMC to resolve disputes as outlined by NRS. He said the meeting could be held either in the Chambers or in the Caucus Room. County Clerk Amy Harvey said she would check on the availability of those meeting places. Commissioner Ainsworth asked if the meeting could be scheduled at 3:00 p.m., and Commissioner Armstrong advised he would be out of town.

County Clerk Amy Harvey then advised that NRS requires the DMC to schedule an organization meeting in February of each year to elect a Chairman and Vice Chairman; and that, due to the Board of Equalization meetings in February, the only available date to meet in the Chambers at this time is February 15.

Commissioner Carne noted that the Board previously discussed scheduling a workshop to review procedural issues.

PUBLIC COMMENTS

There was no response to the call for public comments.

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There being no further business to come before the Board, the meeting adjourned at 4:40 p.m.

DAVE AIAZZI, Chairman
Debt Management Commission

ATTEST:

AMY HARVEY, Washoe County Clerk
and Ex Officio Secretary,
Debt Management Commission

*Minutes Prepared by
Barbara Trow
Deputy County Clerk*

**DEBT MANAGEMENT COMMISSION
WASHOE COUNTY, NEVADA**

**SPECIAL MEETING
Friday, January 25, 2002**

3:00 p.m.

PRESENT:

David Aiazzi, Chairman
Richard Pugh, Vice Chairman
James Ainsworth, Commissioner
Dan Carne, Commissioner
Jim Galloway, Commissioner

Amy Harvey, County Clerk
Paul Lipparelli, Legal Counsel

ABSENT:

Tony Armstrong, Commissioner
Robert Seach, Commissioner

The Debt Management Commission (DMC) met in the Chambers of the Washoe County Administrative Complex, 1001 East Ninth Street, Reno, Nevada, in full conformity with the law, with Chairman Aiazzi presiding. The Clerk called the roll and the meeting commenced for the purpose of conducting the following business:

AGENDA

On motion by Commissioner Ainsworth, seconded by Commissioner Pugh which motion duly carried with Commissioner Galloway temporarily absent, Chairman Aiazzi ordered that the agenda for the January 25, 2002 special meeting be approved.

PUBLIC COMMENTS

There was no response to the call for public comments.

**02-04DMC ESTABLISH METHODS AND PROCEDURES - UNLEVIED
PROPERTY TAXES**

Chairman Aiazzi advised that the Board members received a copy of Clark County's action to establish a procedure relative to the Debt Management Commission's (DMC) role of resolving conflicts over the unlevied amount of property taxes. He said it sounds like Clark County is having the same difficulty as this Board in interpreting State law with regard to what the DMC can and cannot do.

Paul Lipparelli, Legal Counsel, commented that at last week's DMC meeting there was concern over the lack of guidelines on how to act under the new statutory scheme where the DMC has the role of resolving conflicts between the entities proposing to issue debt and the affected entities. He advised that, as required, the City of Reno notified Washoe County, the affected entity, of its \$60-million bond proposal for park construction in advance of coming to the DMC; the County Commission continued the item at their meeting on January 15 and made no comment; the statutes do not provide any specific time frame within which the affected entities must respond to the notification; and the Clark County DMC has attempted to address this issue by adopting a procedure that gives the affected governmental entities 45 days from the date of notification of the proposal to respond to the proposed debt.

3:10 p.m. Commissioner Galloway arrived at the meeting.

Commissioner Carne said he likes the procedures established by Clark County in giving 45 days to respond, as well as that no response is a response.

Mr. Lipparelli stated that the legislature has not expressly authorized the DMC to set time frames and Clark County took the initiative because of the vacuum that exists. He thinks the safer approach for moving forward when no response is received is to use what State law does permit which is that the local government finance committee may adopt regulations necessary for the administration of Chapter 350.

Discussion was held concerning whether no response would be considered a positive or negative response. Mr. Lipparelli stated it is not clear whether no response would be deemed approved or denied; the statutes say the DMC shall not approve any proposal submitted unless it has either obtained the approval or has resolved the conflict between the proposing and affected entities; and the DMC is probably going to have to consider a lack of action on the part of an affected entity as an objection so it can go about the process of resolving the conflict that apparently exists so it can have the statutory authority to entertain the proposal. Commissioner Ainsworth stated it seems more logical to deem inaction as approval, which would force the affected entity to come back with something. Mr. Lipparelli said that would be more coercive on the affected entity, but if it is deemed approved and the affected entity does not approve, a cloud is created over the debt issuance which may cause problems in obtaining all the usual securities needed in bond issues.

Mr. Lipparelli responded to further questions of the Board members concerning issues relative to the legal definition of an affected entity and of a conflict; tax rate levels and overlapping rates; statutory regulations; and what would be considered a reasonable time frame. He stated that it is probably of no real consequence whether establishing a time frame for an affected entity to respond to a bond proposal is technically legal if everyone agrees to it.

Commissioner Galloway advised that Washoe County has an unused ability to raise taxes about 22 cents. They do not necessarily think that 22-cent levy is needed but an approximate 12-cent range remains of the \$3.64 tax cap, and the County is concerned there are many competing priorities for that remaining tax rate.

Discussion was held about an entity not wanting to lose its ability to adjust rates in the future, being able to reserve a percentage of the remaining allowable tax amount, and whether the DMC could establish a procedure for handling these types of conflict situations, etc. Mr. Lipparelli advised it could be argued that the DMC could not do an effective job until it knows what other uses of the tax cap were going to be proposed; and it could also be argued that until a certain point is reached where the DMC knows what the other proposed tax increases may be, it cannot do an effective job of permitting someone to reserve some of the tax rate. A procedure could be inferred that would cluster the proposals of the proposing entity and the affected entity, but whether that could be broadened to include other entities may deserve further thought. Chairman Aiazzi said, if an entity has known plans into the future, he believes it is the DMC's job to look at those things. Commissioner Galloway stated he believes the County is the only entity that has an unused increment; and he does not think there is any intent or ability to use the entire increment, but they are down to where it is becoming uncomfortable to not have any margin.

Chairman Aiazzi said he likes the attempt by Clark County to tighten this issue up a bit. Commissioner Galloway said he does not have a problem with the 45-day time frame for an entity to respond.

Katy Singlaub, County Manager, advised there is no intention for the County not to comment; that the County Commission deferred action as a courtesy to the City of Reno and expressed concern that there was no adopted list of priorities; and that the County Commissioners wanted to make sure they could comment on the total impact.

Chairman Aiazzi said he would not want the County to take the Board's discussion today as though they thought there would not be a comment, but the situation showed there is a hole in State law that the DMC would like to try to address before it becomes a conflict. Upon inquiry, County Manager Singlaub advised that County staff would agree to the 45-day response time; and the County would hope, within that time frame, the City would provide an adopted list of priorities and a debt issuance schedule to provide information about the pennies of impact.

Commissioner Galloway stated he is concerned there are other entities with override proposals, and the County is entitled to be concerned that all matters be weighed. He said it does not seem right that the DMC is not leading toward a system where all proposals could be put on the table. Chairman Aiazzi suggested discussion be held at the next meeting concerning timeframes and bringing together the tax issues for other entities.

On motion by Commissioner Ainsworth, seconded by Commissioner Pugh, which motion duly carried, it was ordered that a procedure be established that affected governmental entities be given 45 days from the date of notification to respond to any proposed tax levies; and that no response would be considered a conflict.

County Manager Singlaub and Lisa Gianoli, Budget Manager, Washoe County, discussed matters relating to the previous process of buying down rates that was eliminated by the legislature. Ms. Singlaub said that to their knowledge there is no precedent for reserving rate capacity.

Chairman Aiazzi asked if a graph could be developed that would show how fast bonds would start declining if no further bonds were approved. Ms. Singlaub advised that the Finance Directors could work together on developing that report, and said the capital improvements planning process of the various entities might also be a part of a conflict resolution process.

Teri Thomas, Finance Director, City of Sparks, said development of the graph would not be difficult because there are so many reporting requirements relative to debt and capital planning and believes that information could be available for the February meeting. She noted that, while the capital improvement programs and the debt schedules impart some measure of predictability, there is an unpredictable financial aspect in the form of late breaking decisions on the part of the Sparks City Council. She then discussed issues relative to the legislative committee that is pursuing the initiative on depreciation, which would provide a relief mechanism the entities might be able to use in the future if it passes.

County Manager Singlaub said the Finance Directors of the County and both Cities will work together throughout the process to identify potential objections and resolutions and bring the DMC the information its needs to be able to resolve the conflicts in a timely manner. Upon inquiry of Aiazzi, Ms. Singlaub said she would be hesitant to commit to having the graph to the DMC by the February meeting.

02-05DMC DISCUSSION REGARDING FUTURE MEETINGS

Chairman Aiazzi said State law requires the DMC to meet in February to elect a Chairman and Vice Chairman. County Clerk Amy Harvey advised that February 15 is currently the only date available in February, but other dates may open once the final meeting schedule for the Board of Equalization is determined. Chairman Aiazzi requested that the February 15 date be scheduled, and the issues talked about today be agendaized. Commissioner Galloway asked that the agenda language be broadened to include proposals for combining tax override requests. Chairman Aiazzi noted there might also be a meeting in March.

MEMBER COMMENTS

Commissioner Galloway said he liked the aspect of resetting depreciation at the time the property changes because it does not make the Assessor's job more difficult, but thinks the elimination of depreciation altogether may make the Assessor's job much more difficult due to the method used of simulating by formula what the market value of a property would be.

Chairman Aiazzi said when the DMC gets the graph and chart regarding bond proposals, he believes presentations should be made by DMC members to their respective entities so their Boards and Commissions will know what the DMC is dealing with and how close the entities are to the cap.

PUBLIC COMMENTS

There was no response to the call for public comments.

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There being no further business to come before the Board, the meeting adjourned at 4:30 p.m.

DAVE AIAZZI, Chairman
Debt Management Commission

ATTEST:

AMY HARVEY, Washoe County Clerk
and Ex Officio Secretary,
Debt Management Commission

**DEBT MANAGEMENT COMMISSION
WASHOE COUNTY, NEVADA**

**ORGANIZATION MEETING
Friday, February 15, 2002**

4:00 p.m.

PRESENT:

David Aiazzi, Chairman
Richard Pugh, Vice Chairman
James Ainsworth, Commissioner
Dan Carne, Commissioner
Jim Galloway, Commissioner
Robert Seach, Commissioner

Amy Harvey, County Clerk
Paul Lipparelli, Legal Counsel

ABSENT:

Tony Armstrong, Commissioner

The Debt Management Commission (DMC) met in the Chambers of the Washoe County Administrative Complex, 1001 East Ninth Street, Reno, Nevada, in full conformity with the law, with Chairman Aiazzi presiding. Following the Pledge of Allegiance to the flag of our Country, the Clerk called the roll and the Board conducted the following business:

AGENDA

On motion by Commissioner Galloway, seconded by Commissioner Ainsworth, which motion duly carried, Chairman Aiazzi ordered that the agenda for the February 15, 2002 meeting be approved.

PUBLIC COMMENTS

There was no response to the call for public comments.

02-06DMC ELECTION OF CHAIRMAN AND VICE CHAIRMAN

Commissioner Pugh nominated Commissioner Aiazzi as Chairman of the Debt Management Commission, which was seconded by Commissioner Galloway. There being no further nominations, on call for the question, Commissioner Aiazzi was elected Chairman by unanimous vote.

Commissioner Pugh nominated Commissioner Ainsworth as Vice Chairman of the Debt Management Commission, which was seconded by Commissioner Galloway. There being no further nominations, on call for the question, Commissioner Ainsworth was elected Vice Chairman by unanimous vote.

MINUTES

On motion by Commissioner Ainsworth, seconded by Commissioner Carne, which motion duly carried with Commissioner Galloway "abstaining," Chairman Aiazzi ordered that the minutes of the quarterly meeting of January 18, 2002 be approved.

On motion by Commissioner Galloway, seconded by Commissioner Carne, which motion duly carried, Chairman Aiazzi ordered that the minutes of the special meeting of January 25, 2002 be approved.

02-07DMC METHODS AND PROCEDURES – UNLEVIED PROPERTY TAX ISSUES

John Sherman, Finance Director, provided debt schedules and general obligation paid debt information requested by the Commission at their last meeting. He also provided information concerning overlapping rates in Washoe County and Clark County. Mr. Sherman advised the Clark County Finance Director would be sending documentation and Clark County DMC meeting minutes on which actions were taken concerning their role regarding conflict resolution, etc. He reported that the Clark County DMC determined the following regarding how they would handle SB 112 issues: If an entity proposes a project for an operation or bond override, the affected entity has to be notified 45 days prior to coming to the DMC, and, if the affected entity does not respond within that 45 days, the assumption is they support the proposal. They decided to take the conflict resolutions on a case-by-case basis and not adopt any process on how to go about hearing and dealing with the issue of reserving an operating rate. They adopted a disclosure requirement that entities submit their annual reports to the DMC and elaborate their imposed rate and identify any potential future uses; and decided to keep the issue of essential versus nonessential proposals on a case-by-case basis. Mr. Sherman explained that essential proposals would be public safety, health and education issues

Mr. Sherman then discussed the documentation provided to the Board concerning existing ad valorem supported bond debt of the City of Sparks, City of Reno, Washoe County and the School District, debt service projections into the future, and the operating rate and other overrides of the various entities. He noted a \$.1249 capacity is left under the \$3.64 cap. Mr. Sherman then responded to questions of the Board. He suggested the Board consider allowing the reservation of rates for those entities that have not imposed the property tax to the maximum allowed, so they are able to address operating or infrastructure emergencies. He noted that Washoe County is the only entity in that position at this time.

Discussion was held about what a reasonable percentage would be for a reserve rate. Commissioner Galloway advised he would be requesting more analysis on this issue from Washoe County. He noted the County has 22-cents of unused tax increment, but only 12 cents is left of the cap; and he would estimate that a 5-cent reserve would not be out of line. Chairman Aiazzi said he would want to have a consistent policy relative to reserve rates. Commissioner Pugh asked what a reserve of 5 cents for Washoe County would do to Reno's bond proposal. Commissioner Galloway said it would result in a 2.5-cent overlapping rate and would scale the bond proposal downward. Chairman Aiazzi noted whether the bonds would need to be scaled down would depend on the timing of their issuance.

Discussion was held concerning the 45-day response time by Washoe County, the affected entity, relative to Reno's bond issue. Chairman Aiazzi said he thought the clock started the Monday after the meeting of January 25, 2002 when Reno withdrew its proposal and the DMC adopted the 45-day policy. Commissioner Galloway said the County Manager's understanding is that the clock starts as soon as the County is given notice after the withdrawal of the proposal by the City of Reno, which has not yet occurred. Chairman Aiazzi asked if the 45-day clock would start if the City resubmitted the bond proposal today, and Commissioner Galloway said that would be his understanding. Paul Lipparelli, Deputy District Attorney, explained that, in the future, under the rules recently adopted by the DMC, the 45-day clock would start at the time the proposing entity submits a proposal to an affected entity; and a failure to respond by the affected entity would be deemed an objection and the conflict resolution would commence. He then discussed issues concerning the DMC's authority regarding overlapping rates.

Commissioner Galloway referred to the minutes of January 25 where Legal Counsel indicated "...it is probably of no real consequence whether establishing a time frame for an affected entity to respond to a bond proposal is technically legal if everyone agrees to it." He said Mr. Lipparelli might be requested to draft an interlocal agreement for the entities most likely involved that would implement the 45-day response time and require entities to bring all override proposals to the DMC at one time. He stated this would resolve any questions about the DMC's statutory authority, as well as establishing an agreement to get all those overrides together. Commissioner Galloway suggested there could be a second agreement later on that would deal with the reserve rate and override allocations, as these issues are clearly related.

A discussion ensued about what would be an appropriate date to have bond proposals from all entities submitted in order to be placed on the July ballot. Mr. Sherman suggested that the staff of the four entities might ask if their jurisdictions have any potential of submitting a ballot question this year. Chairman Aiazzi said he is willing to work on this issue and meet every two weeks before the July timeframe, if the other Board members so desire.

Commissioner Galloway said he is not against Reno's bond issue but would like to know what everybody else wants to do currently and for the next couple of years. Discussion was held about the Board's authority to consider an entity's future plans in their deliberation of whether to approve a request currently before the DMC. Mr. Lipparelli said the entities have the statutory right to bring a proposal to the DMC whenever they see fit and have the ability to amend their plans; the statutes permit conditions to be imposed on the timing of the issuance and taxes, etc; and the DMC has two opportunities to consider future proposals, one as the arbitrator of the dispute between affected and proposed entities and the other when proposals are within the 90% threshold of the cap where the Board is permitted to look at the public need. Mr. Lipparelli commented he does not think it would be appropriate to condition a proposal based on some notion that an entity might have another proposal, but it would be appropriate to consider a proposal where the DMC saw a plan that indicated something was clearly coming in the future.

Commissioner Galloway asked if Reno had given any thought to placing the parks proposal on the November ballot instead of the July ballot, which would provide time for the DMC to have knowledge of any other proposals that might be forthcoming.

Chairman Aiazzi stated that it has been agreed that the 45-day clock for comment would start as soon as Reno submits their bond proposal to the County, and, if no one else is coming forward with a bond issue before this year's ballot, the DMC probably does not need to meet every two weeks to work on the interlocal agreement and other procedures. Commissioner Galloway said he does not think there would be any need to meet in two weeks unless an entity makes that request for some reason.

Upon inquiry of Chairman Aiazzi, Commissioner Galloway said he would like the timeframe for submission of a proposal to the DMC to be adequately before the ballot deadline for the November election to allow all entities to have a better idea of what their needs are. He said one suggestion would be April 1 for an entity to give notification and a May 15 deadline to come before the DMC.

Commissioner Carne stated he thinks the School District needs more time to put everything together and get the information out for a ballot question. He said May 15 should be the final date after all conflicts and issues have been resolved, and the effective date might be in February, if there are no conflicts.

Chairman Aiazzi recommended that everyone take this issue back to their respective entities to determine what would be considered a good date for a bond proposal to come forward to the DMC. Commissioner Galloway said he would also like an indication of whether the entities would be supportive of having all proposals come together for the November ballot. Chairman Aiazzi commented that the DMC has indicated they would want to treat everyone as an affected entity, even though the County is the only legal affected entity. He recommended that anyone who wishes to do so come before the DMC to discuss their concerns about debt issues.

Discussion was held about the difficulty in determining the highest and best use of unlevied property taxes. Chairman Aiazzi asked if the Board members would want to set some criterion or take that issue on a case-by-case basis. Commissioner Galloway noted that, if the proposals were received at the same time, the DMC would have the opportunity to look at the highest and best use issue.

Chairman Aiazzi said there appears to be some appetite to allow entities to reserve a percentage of the remaining allowable tax increase for emergency purposes. He stated he would like information regarding what that level might be and under what circumstances it would be needed. He would also like to know when it would be imposed and how it would be used. He requested that the Board members discuss with their jurisdictions the matter of what would be considered an emergency and what reserve percentage would be realistic. Commissioner Galloway said the County showed a lot of restraint to keep their budget growth under the combined rate of population and inflation, and does not think their reward should be they do not have a reserve because other people used up the tax allowance.

Mr. Lipparelli stated his understanding from today's discussion is that the interlocal agreement would contemplate the DMC having a role in all proposals and not just affected entity proposals. Commissioner Galloway said his intent would be to get the overrides on the table at one time, so there is a clearer picture for the decision making process.

Chairman Aiazzi commented that he thinks the Board is trying to develop something that would be a preconflict resolution, which would be the role of the interlocal agreement. He stated the process would only work if all entities come forward at the same time, but does not know how enforceable it would be, except for the good will of everyone. Mr. Lipparelli said interlocal agreements are enforceable through contractual remedies. He discussed possible scenarios where there might be a conflict between the DMC's statutory role and what is contained in the interlocal agreement, such as overlapping proposals, etc. Commissioner Galloway commented that the DMC has power within the 90% threshold and could put any trigger they want on what would be subject to the interlocal agreement. Mr. Lipparelli said the point about the 90% threshold would probably address the issues because the DMC is in the realm of evaluating the public needs when proposals exceed the cap.

Chairman Aiazzi suggested the DMC's work product be completed by September in order to meet with the Clark County DMC and go to the Legislature to try to change State law to better address the issues that have come forth.

Discussion was held about whether to establish a 90% limit or set the bar higher. Mr. Lipparelli requested the number be left open and the District Attorney's Office, Finance Directors and Bond Counsel would analyze the matter.

DISCUSSION REGARDING FUTURE MEETINGS

Upon inquiry of Chairman Aiazzi, County Clerk, Amy Harvey advised that the next DMC meeting is scheduled for March 8, and, at this time, two proposals are scheduled for submission. She said the next statutory meeting is scheduled for April 19.

MEMBER COMMENTS

Commissioner Galloway said he hopes everyone asks their entities whether there is any objection that future bond issues that might go over the 90% range would go on the November ballot.

Commissioner Carne and Chairman Aiazzi requested additional information concerning operating costs and combined rate projections and a 10-year average of high and low percentages.

PUBLIC COMMENTS

There was no response to the call for public comments.

* * * * *

There being no further business to come before the Board, the meeting adjourned at 6:00 p.m.

DAVE AIAZZI, Chairman
Debt Management Commission

ATTEST:

AMY HARVEY, Washoe County Clerk
and Ex Officio Secretary,
Debt Management Commission

*Minutes Prepared By
Barbara Trow
Deputy County Clerk*

**DEBT MANAGEMENT COMMISSION
WASHOE COUNTY, NEVADA**

**SPECIAL MEETING
Friday, March 8, 2002**

3:00 p.m.

PRESENT:

David Aiazzi, Chairman (By Telephone)

James Ainsworth, Vice-Chairman

Tony Armstrong, Commissioner

Dan Carne, Commissioner

Jim Galloway, Commissioner

Robert Seach, Commissioner

Nancy Parent, Chief Deputy Clerk

Paul Lipparelli, Legal Counsel

ABSENT:

Richard Pugh, Commissioner

The Debt Management Commission (DMC) met in the Chambers of the Washoe County Administrative Complex, 1001 East Ninth Street, Reno, Nevada, in full conformity with the law, with Commissioner Armstrong presiding. Following the Pledge of Allegiance to the flag of our County, the Clerk called the roll and the Board conducted the following business:

AGENDA

On motion by Commissioner Galloway, seconded by Commissioner Carne, which motion duly carried, it was ordered that the agenda for the March 8, 2002, special meeting be approved.

PUBLIC COMMENTS

There was no response to the call for public comments.

**02-08DMC RESOLUTION – 2002 CITY OF SPARKS SEWER BONDS
GENERAL OBLIGATION BONDS (ADDITIONALLY SECURED
BY PLEDGED REVENUES)**

Kermit McMillin, Municipal Solutions Associates LLC, Sparks Financial Consultant, said they are seeking approval for the issuance of up to \$5 million of general obligation bonds that would be additionally secured by pledged revenues. The project is

the construction of the northwest interceptor, which is a pipeline that will collect sewage from the City of Sparks' northern sphere of influence and will go out as far as Spanish Springs. The City has ample capacity to consider this project, both in terms of debt capacity and with respect to revenues to support the project. Mr. McMillin explained the City of Sparks' current debt capacity and the amount authorized by State statute. He said there would be no effect to any other taxing entities within Washoe County because the pledged revenues of the sewer bond would cover the debt.

Mr. McMillin advised that when the City of Sparks prepared the presentation, they had not discussed a possible tax override in the upcoming November election, but that is now being considered and is on the March 25, 2002, agenda. If the City of Sparks and the Debt Management Commission approve the tax override, it will go to the voters in November. The tax override is tentatively thought to be around 6.5 cents, which is approximately \$22.75 on a \$100,000 home in Sparks. The current sewer rates in Sparks are among the lowest in the area, although they are currently being reviewed. A rate study will commence next week and is scheduled for completion by October, and any adjustments that the study points out will probably become effective about January 1, 2003.

Commissioner Galloway commented that the pledged revenues are the revenues from the Sparks sewer operations fund. He said, although there are negotiations going on between Washoe County and Sparks concerning potential fees that some unincorporated homes might have to pay to hook up to the interceptor, that would not delay the issuance of the bonds or affect the revenues necessary to secure the bonds. Mr. McMillin said that is a correct statement. He advised that the City of Sparks believes the revenues from existing customers alone would be sufficient to meet the debt service of these bonds.

Commissioner Armstrong said that not everything north of La Posada is in the sphere of influence. Wayne Seidel, City of Sparks, Public Works Director, said that was correct; that the sphere of influence is La Posada and Pyramid Highway; that north and west is in the County; and that south and east of the Pyramid Highway is in the City of Sparks.

Chairman Aiazzi asked if Washoe County would be paying their portion from the Washoe County General Fund or the Washoe County Sewer Fund. Mr. Seidel said the money would come from the Washoe County Sewer Fund and specifically with Sparks the hook up fees would pay for the underwriting of the project.

In response to Commissioner Armstrong's inquiry regarding the cost of hook up fees, Mr. Seidel said that currently the hook up fee within the City of Sparks is \$2,100, outside of the sphere is \$4,200, and in the unincorporated area it is approximately \$4,900.

On motion by Commissioner Seach, seconded by Commissioner Gallo-way, which motion duly carried, it was ordered that the following Resolution be adopted and Chairman Aiazzi be authorized to execute on behalf of the Commission:

RESOLUTION NO. 02-08DMC

**A RESOLUTION CONCERNING THE SUBMIS-
SION TO THE WASHOE COUNTY DEBT MAN-
AGEMENT COMMISSION OF A PROPOSAL TO
ISSUE GENERAL OBLIGATIONS ADDITION-
ALLY (SECURED BY PLEDGED REVENUES;
CONCERNING ACTION TAKEN THEREON BY
THE COMMISSION; AND APPROVING CER-
TAIN DETAILS IN CONNECTION THEREWITH.**

WHEREAS, pursuant to §§ 350.011 through 50.0165, Nevada Revised Statutes ("NRS"), the City Council (the "Council") of Sparks, Nevada (the "City"), noti-fied the secretary of the Washoe County Debt Management Commission (the "Secretary" and the "Commission," respectively) of the City's proposal to issue general obligations and submitted a statement of the City's proposal in sufficient number of copies for each member of the Commission; and

WHEREAS, the Council anticipates making a determination that the pledged revenues will at least equal the amount required in each year for the payment of interest on and principal of such general obligation sewer bonds; and

WHEREAS, the Council proposes to incur such general obligations with-out an election unless a petition, signed by the requisite number of registered voters of the City, is presented to the Council requiring the Council, prior to incurring such general obligations, to submit to the qualified electors of the City for their approval or disap-proval, the following proposal to incur such general obligation:

**GENERAL OBLIGATION SEWER BONDS (ADDI-
TIONALLY SECURED BY PLEDGED REVENUES)
PROPOSAL:**

Shall the City Council of the City of Sparks, Nevada, be authorized to incur a general obligation indebtedness (additionally secured by pledged revenues) on behalf of the City by the issuance at one time, or from time to time, of the City's general obligation sewer bonds, in one series or more, in the aggregate principal amount of not exceeding \$5,000,000 for the purpose of acquiring, improving and equipping a City sanitary sewer project such bonds to mature commencing not later than five (5) years from the date or respective dates of the bonds

and ending not later than thirty (30) years payable from general (ad valorem) taxes (except to the extent pledged revenues and other monies are available therefor), and to be issued and sold at, above or below par at an effective interest rate (including any sale discount) not exceeding the statutory maximum rate, if any, as shall be determined at the time of the sale thereof, and otherwise to be issued in such manner, upon such terms and conditions, with such covenants and agreements, and with such other detail as the Council may determine, including at its option but not necessarily limited to provisions for the redemption of bonds prior to maturity without or with the payment of a premium?

(the "Proposal"); and

WHEREAS, pursuant to NRS § 350.0145, the Secretary, with the approval of the Chairman of the Commission, thereupon, within ten days from the receipt of the Proposal, gave notice of a meeting to be held not less than twenty days thereafter, and provided a copy of the Proposal to each member of the Commission with the notice of the meeting; and

WHEREAS, the Commission has heard anyone desiring to be heard and has taken other evidence relevant to its approving or disapproving the Proposal; and

WHEREAS, the Commission has received from the City complete statements of current and contemplated general obligation debt, debt management policy, a capital improvement plan (which includes the capital improvements proposed to be financed as provided in the Proposal) and a statement of the chief financial officer, in full compliance with NRS 350.013; and

WHEREAS, the Commission has considered all matters in the premises.

NOW, THEREFORE, BE IT RESOLVED BY THE WASHOE COUNTY DEBT MANAGEMENT COMMISSION OF WASHOE, NEVADA:

Section 1. This resolution shall be known as the "2002 City of Sparks Sewer Bonds DMC Approval Resolution."

Section 2. The Commission hereby finds that the requirements of NRS §§ 350.013 to 350.015, inclusive have been met, and the Proposal for the issuance of general obligation sewer bonds (additionally secured by pledged revenues) in the maximum principal amount of \$5,000,000 by the City hereby is approved.

Section 3. The Commission and the officers thereof hereby are authorized and directed to take all action necessary or appropriate to effectuate the provisions of this resolution.

Section 4. All bylaws, orders, resolutions or parts thereof in conflict with this resolution are hereby repealed. This repealer shall not be construed to revive any by-law, order, resolution or part thereof heretofore repealed.

Section 5. If any section, paragraph, clause or provision of this resolution shall for any reason be held to be invalid or unenforceable, the invalidity of unenforceability of the section, paragraph, clause or provision shall not affect any of the remaining provisions of this resolution.

Section 6. This resolution shall become effective and be in force immediately upon its adoption.

**02-09DMC RESOLUTION – WASHOE COUNTY SCHOOL DISTRICT –
INSTALLMENT PURCHASE AGREEMENTS, SERIES 2002A AND
2002B**

Kendra Follet, Swendseid & Stern, explained that installment-purchase contracts of more than 10 years have to be approved by the DMC as well as the Department of Taxation. This installment-purchase contract is excluded from the debt limit because it has a non-appropriation clause, and if the District fails to appropriate money in any fiscal year, the debt is extinguished.

Marty Johnson, Johnson Consulting Group, Washoe County School District Financial Advisor, said this installment purchase would not go against the District's debt limit. He said these obligations are payable out of the District's General Fund, so they cannot levy a property tax to repay these obligations. The 75 cents operating rate is set by State Statute.

On motion by Commissioner Carne, seconded by Commissioner Galloway, which motion duly carried, it was ordered that the following Resolution be adopted and Chairman Aiazzi be authorized to execute on behalf of the Commission:

RESOLUTION NO. 02-09DMC

A RESOLUTION CONCERNING THE SUBMISSION TO THE WASHOE COUNTY DEBT MANAGEMENT COMMISSION OF A PROPOSAL TO ISSUE INSTALLMENT PURCHASE AGREEMENTS; CONCERNING ACTION TAKEN THEREON BY THE COMMISSION; AND APPROVING CERTAIN DETAILS IN CONNECTION THEREWITH.

WHEREAS, pursuant to §§ 350.011 through 350.0165, Nevada Revised Statutes ("NRS"), the Board of Trustees (the, "Board") of the Washoe County School District, Nevada (the "District"), notified the secretary of the Debt Management Commission (the "Secretary" and the "Commission," respectively) of the District's proposal to issue installment-purchase agreements with terms of more than 10 years (the "Agreements") and submitted a statement of the District's proposal in sufficient number of copies for each member of the Commission; and

WHEREAS, the Board anticipates making a determination that the pledged revenues from the District's general fund will at least equal the amount required in each year for the payment of interest on and principal of such Agreements, and granting a security interest in property other than the property being financed by the Agreements subject to the provisions of NRS 350.800; and

WHEREAS, the Board presented the following proposal to incur such Agreements:

INSTALLMENT-PURCHASE AGREEMENTS PROPOSAL:

Shall the Board of Trustees of the Wash School District in the State of Nevada, be authorized to incur an indebtedness on behalf of the District by the issuance at one time, or from time to time, of the District's installment-purchase agreements in the aggregate principal amount not to exceed \$14,000,000 for the purpose of financing, wholly or in part, the cost of acquiring, constructing, improving, furnishing and equipping of property to promote the conservation of energy, paying capitalized interest, purchasing equipment for schools located in low to moderate income areas, and refunding outstanding installment-purchase agreements entered into by the District, the installment-purchase agreements to mature not later than twenty (20) years from the date they are entered into, to bear interest at a rate or rates not in excess of the statutory maximum rate in effect at the time the installment-purchase agreements are entered into, the installment-purchase agreements by their terms to be extinguished by failure of the Board to appropriate money for the ensuing fiscal year for payment of the amounts then due, to be payable from legally available funds of the District cured by a security interest in property of the District as provided in NRS 350.800, and to be entered into upon such terms and conditions, and with such other detail as the Board may determine?

(the "Proposal"); and

WHEREAS, pursuant to NRS § 350.0145, the Secretary, with the approval of the Chairman of the Commission, thereupon, within ten days from the receipt of the Proposal, gave notice of a meeting to be held not less than twenty days thereafter, and provided a copy of the Proposal to each member of the Commission with the notice of the meeting; and

WHEREAS, the Commission has heard anyone desiring to be heard and has taken other evidence relevant to its approving or disapproving the Proposal; and

WHEREAS, the Commission has considered all matters in the premises.

NOW, THEREFORE, BE IT RESOLVED BY THE WASHOE COUNTY DEBT MANAGEMENT COMMISSION OF WASHOE, NEVADA:

Section 1. This resolution shall be known as the "2002 Washoe County School District Installment-Purchase Agreement DMC Approval Resolution."

Section 2. The Commission hereby finds that the requirements of NRS §§ 350.013 to 350.015, inclusive, have been met, and the Proposal for the issuance of the Agreements in the maximum principal amount of \$14,000,000 by the District hereby is approved.

Section 3. The Commission and the officers thereof hereby are authorized and directed to take all action necessary or appropriate to effectuate the provisions of this resolution.

Section 4. All bylaws, orders, resolutions or parts thereof in conflict with this resolution are hereby repealed. This repealer shall not be construed to revive any bylaw, order, resolution or part thereof heretofore repealed.

Section 5. If any section, paragraph, clause or provision of this resolution shall for any reason be held to be invalid or unenforceable, the invalidity of unenforceability of the section, paragraph, clause or provision shall not affect any of the remaining provisions of this resolution.

Section 6. This resolution shall become effective and be in force immediately upon its adoption.

02-10DMC ESTABLISHMENT OF METHODS AND PROCEDURES

a) **Resolving conflicts over unlevied amount of property taxes**

John Sherman, Washoe County Finance Director, advised that the Finance Directors of the local governments formed a Technical Committee that met and drafted a

proposed series of conflict resolution processes. They reviewed scenarios of local governments being allowed to increase their operating rates over time. Mr. Sherman submitted an analysis regarding override rates at the FY 2001-2002 level, which was reviewed by the other Finance Directors. He explained the actual assessed valuation growth rates and the imposed operating rate percentage change from 1989 to 2002. They then compared the factored results against the \$3.64 property tax cap. The results under these sets of assumptions were that within three or four years the \$3.64 property tax cap would be reached or exceeded. This can only occur in the City of Reno's jurisdiction and the City of Sparks with their overlapping rates. From the analysis, the results show that this will most likely occur in the City of Reno. Mr. Sherman reviewed the remaining property taxing capacity under \$3.64 with the combined tax rate from low assessed valuation to high assessed valuation.

Commissioner Carne asked if there was a consensus opinion by the Financial Directors on which of these scenarios might be the most accurate. Mr. Sherman said the members were not polled, but his thought is that under these assumptions they may be close to exceeding the property tax cap within 2 to 3 years.

Commissioner Galloway asked about the statutory limits relating to how much an operating rate can be increased. Mr. Sherman said the 6 percent growth rate is limited to its value of the property on the prior year roll, what its current value is, and what a 6 percent growth in revenue would be on that component only. Another component in the current assessed valuation is new growth, which is not part of the 6 percent growth limit factor.

b) **Determining the highest and best use of unlevied property taxes based on a comparison of public need**

Commissioner Armstrong said Legal Counsel Lipparelli previously advised the Board they could have rules that can be used to determine which is the highest and best use. He asked what would happen if the affected entity did not respond within 45 days to the proposing local government. He said if the affected entity does not respond then the Board could determine that the entity supports the proposal. Commissioner Armstrong said he believes the affected entity should respond one way or the other, saying they support it or oppose it. Mr. Sherman said the Board could adopt the rule that says if the entity does not respond then the Board will assume that they oppose the proposal.

3:50 p.m. **James Ainsworth, Vice Chairman arrived at the meeting.**

Paul Lipparelli, Legal Counsel, said the Board wished to address the situation of a lack of response, and there were two alternatives, opposed or supported. There is a legal downside to having a rule that says it is deemed approved, because the statute says that the DMC cannot approve a proposal without either a resolution in support of the proposal from the affected entity or after having resolved the conflict between the opposing entity and the affected entity. The DMC could convene a meeting to re

solve the conflict and, if the opposing entity did not come forward and say why it should not be approved, then the DMC could determine there is no opposition and advance the proposal.

Member Carne commented that Clark County has determined that a non-response is an approval. He said a no response obligates the DMC to hold another meeting, as well as obligating the proposing entity to prepare a defense of an unknown objection. He asked how that is fair to the proposing entity. Mr. Sherman said they are building features into the process to deal with that very issue. If the Board adopted these procedures, all entities would be aware that a response has to be made, or a meeting will be scheduled and the assumption would be made that no response is an opposition. He advised that, if a meeting is scheduled and there has been no response from the affected entity and they do not show up at the meeting and present a case on why the proposal should not be approved, than the Board can make their decision at their time. The Board can set an earlier meeting instead of waiting the 10 days after the 45 days response time, if the affected entity submits a response earlier.

Member Carne said he is concerned the proposing entity is being put in a hole when they have to respond to an undefined objection. The DMC meeting is the first time the proposing entity hears what the objection is, and he asked how can they force the affected entity to put something on the table prior to the meeting. Mr. Sherman said his understanding is, if there is no response and there is an assumed objection but the affected entity does not show up and put on a case, by definition there is no conflict. The Commission can rule that the matter has been resolved because the affected entity, who was assumed to be in opposition, did not show up and present a case, and so there is no factual basis upon which to resolve a conflict.

Member Carne said, if the affected entity has a conflict and wants to present its case but does not show up with their objection until that meeting, then the proposing group has to sort of shuffle on their feet because they did not know what the objection was, and now they have to respond to something they never heard before. Mr. Sherman said then it would be up to the Board to make a decision at that meeting, or they have the option to defer the resolution up to 10 days in order to make a decision.

Member Seach said there is a concern of due notice when the affected entity is given notice to appear at a meeting and they do not appear. Mr. Lipparelli said due process is a part of the statutes that refer to the DMC, and that was considered by staff when they tried to formulate rules. He said Member Carne is concerned about the "sand-bagging entity," which is the entity that does not say anything prior to the meeting and then shows up at the meeting listing reasons why they oppose the proposal. He said he does not have a good suggestion for the Board on how to treat that situation, except to say that any entity would not want to appear before this Board and explain why they have not responded.

Commissioner Armstrong said that is why he suggested changing the procedure to state that, if an affected entity does not respond, it would be considered that

they support the proposal. He said, if the affected entity and the Finance Directors know that rule, they know they have to respond within the 45 days to oppose it.

Chairman Aiazzi said he agrees with the comments made by everyone, but they have to follow State law regarding this issue. He said the Board could support the legally enforceable rule as laid out by Mr. Lipparelli. He said he understands that it is a burden on the proposing entity, but they need to follow the advice of legal counsel in order to remain in conformance with State law.

Mr. Lipparelli read a portion of NRS 350.014 relating to the DMC's approval process of a proposal. He suggested if the procedure is written in terms of resolving the conflict, maybe that will address everyone's concerns. Such as, if the proposing local government does not receive a response within 45 days of the request, then the DMC will resolve any conflict it determines exists. Commissioner Armstrong said maybe Legal Counsel could review the proposed procedure and bring a draft back to the Board for review. Commissioner Galloway said he agrees that Legal Counsel should review the process and put it in a manner that the DMC can support, but he would like to be able to approve some procedure at the next meeting. He suggested using wording such as, the DMC would use its own best information and resources to determine if a conflict exists. Mr. Lipparelli said he would not want to usurp the ability of an affected entity to state its objection by allowing the DMC to pass, on a threshold question, whether the statement constituted an objection. He would like to take any objection that an affected entity makes as its statement of objection.

Commissioner Armstrong suggested they add findings of facts to the procedures and that way the DMC could list their finding(s) why they approve or deny a proposal.

Commissioner Galloway discussed his concerns about the highest and best use of the unlevied property tax rate process. He said he would not like the Board to be limited to just the items listed on page 3 of the draft procedures. Commissioner Armstrong said that is why he suggested establishing "findings of facts" because if the Board was split on proposals, one for firefighters and one for a water system, how do they determine which is the highest and best use. He said the term "essential" could mean different things to each member of this Board, and that is why he believes findings of facts would help with the decision making process. Mr. Lipparelli referred to the NRS section that refers to the highest and best use. He said the highest and best use determination is only made by the DMC when a proposal has been made, the cap is affected, the affected entity has objected within 45 days, and assumes the proposing entity and the affected entity have not resolved the conflict. Once it reaches the DMC, they have to determine the highest and best use only in the context of resolving the conflict between the affected entity and the proposing entity over the unlevied amount of tax. Mr. Sherman said, even, if the proposing and affected entities agree, the DMC is still stuck with determining the highest and best use of the remaining amount of unlevied tax.

Commissioner Galloway said they have been within 10 percent of the \$3.64 cap for a long time. Regardless of whether an affected entity has made a formal complaint or there are 3 competing proposals that went over the cap, at some point any member of the DMC could say, if this is approved, it diminishes what is left for other projects. Mr. Lipparelli said the DMC has two different roles, the context discussed today is to establish procedures and methods to resolve conflicts between affected and proposing entities; and the DMC also has a role to play in assessing the public need for a particular proposal if it comes within the cap.

Commissioner Galloway suggested some guidelines be established. He suggested broadening the definition of the highest and best use. Mr. Sherman suggested, in order to resolve this particular conflict, Legal Counsel could review the procedures and provide an opinion.

Commissioner Armstrong said entities who know they will be submitting future proposals could request the DMC stay away from the cap because they are going to need some of that in a couple of years. He disagrees with that because they have now prioritized whatever is out there to stay away from the cap. He has a problem with telling somebody their proposal cannot be considered because they are saving a percentage for something that might be coming in a year or two. Commissioner Galloway said Commissioner Armstrong has a right to do that with his vote, but he does not believe he has a right to keep other members from considering that information.

Commissioner Armstrong explained his concern about not having some type of findings of facts for the DMC. He said if they did, the Board would have guidelines to help them determine the highest and best use. Mr. Lipparelli said the role the DMC plays, when the proposal for any debt indicates that it would be within the threshold, is to properly consider the public need to be served by the proceeds of the proposed debt or tax levy. He advised the DMC would review a comparison of public need to the public needs that appear on the statements of the other entities that have authority to issue debt. The DMC has the express authority to reduce the actual proposal. Mr. Lipparelli said there is a new provision that, if an entity does not issue their approved debt within 36 months, they have to go back through the process of proving that it is still competing well with the other proposals.

Chairman Aiazzi said there are some things the legislature did not take into consideration and that is why they have the capital improvements program. The DMC could look at the entities' capital improvements program and consider that when approving proposals.

Commissioner Armstrong asked what happens if the Washoe County School District requested the DMC reserve 4 cents for their proposal that could be submitted 2 years from now. Chairman Aiazzi said if the School District can justify why they want that 4 cents, he could support such a request. Mr. Sherman said technically it would not be a reservation, but the DMC could consider that request and cut back on other proposals. Mr. Lipparelli said the power of the DMC does not include the authority

to condition their proposal on requiring a reduction on the amount of proposed debt. Mr. Sherman stated it could be the timing of the proposed debt.

On motion by Commissioner Ainsworth, seconded by Commissioner Galloway, which motion duly carried, it was ordered that Legal Counsel Lipparelli review the procedures submitted by the Finance Directors and develop draft procedures and methods that would include findings of facts for the Board to include with their motions and another policy version relating to highest and best use.

Commissioner Galloway said an affected entity filing a protest probably has the idea they want to reserve some operating rate. He asked if the DMC would be talking about non-affected entities applying to reserve a percentage of the remaining allowable tax. Commissioner Armstrong said his understanding is they could, but may have to go through an affected entity to do so. Mr. Lipparelli said the new law allows for affected entities to request the DMC to reserve a percentage of the remaining allowable property tax, and when that happens, other municipalities gain the opportunity to act as affected entities. Mr. Sherman clarified that it is a much broader definition, and there is a rule that states an entity proposing a reservation submit something to an affected entity, as well as overlapping entities.

Commissioner Carne asked if the DMC had ever been in a position where one of the entities had the opportunity to make a request to reserve a portion of the remaining tax. Commissioner Armstrong said he has never seen that happen before. Mr. Sherman said that did not happen until SB 112. Mr. Lipparelli advised that some times the action of municipalities that do not have to go through the DMC can have a more profound affect on the available unlevied rate than what the DMC approves.

Commissioner Galloway said they had previously asked Mr. Lipparelli to come up with a draft interlocal agreement that would allow the entities to agree to bring any tax override requests to the table at one time. Mr. Lipparelli said he prepared a very preliminary draft defining the parties and stating the recitals. He said there are many unresolved issues and he understood the agreement would be a catchall for the things that did not fit into the categories of procedures and methods, which specifically include the timing of tax overrides and the timing for proposals.

DISCUSSION REGARDING FUTURE MEETINGS

Chairman Aiazzi said he does not know what the timing is on the Reno proposal concerning Park, Recreational and Building Bonds, but that will be coming back to this Board.

Commissioner Armstrong said the City of Sparks has a proposal that has not yet been put together regarding the 6.5 cents. They still have to go to the County regarding that proposal.

Chief Deputy Clerk, Nancy Parent advised the Board that their next scheduled quarterly meeting is April 19, 2002.

02-11DMC LETTER FROM WASHOE COUNTY SCHOOL DISTRICT CONCERNING FUTURE DEBT NEEDS

Commissioner Armstrong advised that the letter is an informational item only, and has been placed on file with the Clerk's office.

MEMBER COMMENTS

Commissioner Seach requested that the minutes be more definitive and sent out prior to the next meeting in order to refresh the Commissioner's memories as to what has been said, requested and directed.

Commissioner Armstrong said the Sparks ballot question will be before the Sparks City Council on March 25, 2002. Chairman Aiazzi said the County would then have 45 days to review it and respond.

Chairman Aiazzi said they could place the Sparks question on the April 19 agenda, but if it is not ready, it could be pulled from the agenda.

PUBLIC COMMENTS

There was no response to the call for public comments.

* * * * *

There being no further business to come before the Board, the meeting adjourned at 5:05 p.m.

DAVE AIAZZI, Chairman
Debt Management Commission

ATTEST:

AMY HARVEY, Washoe County Clerk
and Ex Officio Secretary,
Debt Management Commission

*Minutes Prepared by
Jeraldine Magee, Deputy County Clerk*

**DEBT MANAGEMENT COMMISSION
WASHOE COUNTY, NEVADA**

QUARTERLY MEETING

FRIDAY

3:00 p.m.

APRIL 19, 2002

PRESENT:

David Aiazzi, Chairman, City of Reno
James Ainsworth, Vice-Chairman, GID's
Tony Armstrong, Commissioner, City of Sparks
Dan Carne, Commissioner, School District
Jim Galloway, Commissioner, Washoe County
Richard Pugh, Commissioner, At-Large
Robert Seach, Commissioner, At-Large

Amy Harvey, County Clerk
Paul Lipparelli, Legal Counsel

The Washoe County Debt Management Commission (DMC) met in the Chambers of the Washoe County Administrative Complex, 1001 East Ninth Street, Reno, Nevada, in full conformity with the law, with Chairman Aiazzi presiding. Following the Pledge of Allegiance to the flag of our Country, the Clerk called the roll and the Board conducted the following business:

AGENDA

On motion by Commissioner Armstrong, seconded by Commissioner Ainsworth, which motion duly carried, it was ordered that the agenda for the April 19, 2002, quarterly meeting be approved with the following amendment: **delete**: Item 8, a tax override ballot question from the North Lake Tahoe Fire Protection District.

PUBLIC COMMENTS

There was no response to the call for public comments.

MINUTES

On motion by Commissioner Ainsworth, seconded by Commissioner Armstrong, which motion duly carried, Chairman Aiazzi ordered that the minutes of the February 15th and March 8th, 2002, meetings be approved.

* * * * *

3:05 p.m. - Commissioner Pugh arrived.

02-12DMC 2002 CITY OF SPARKS GOLF COURSE BONDS

Terri Thomas, City of Sparks Finance Director, reviewed the proposal to issue up to \$9,000,000 in general obligation, limited tax, golf course bonds, additionally secured by pledged revenues, to construct a golf course on donated property in conjunction with First Tee and the Northern Nevada Youth Golf Foundation, a non-profit corporation. She stated the City retained the consulting firm of Country Club Services, Inc., to do a feasibility study to determine whether revenues would be sufficient to pay both the debt service and operating/maintenance costs, as well as start-up costs and reserve funding. Ms. Thomas stated the study concluded that revenues should be more than sufficient. She further explained there are \$1.43-million in discounts available for First Tee projects, which have been factored into the costs, for items such as irrigation components and other fixed costs of equipment and amenities.

Ms. Thomas then responded to questions from Board members; and, in response to Commissioner Galloway, she stated the City of Sparks is not anticipating any impact to the General Fund or the property tax operating rate from this proposal. She said this proposal has been deemed to be completely self-supporting by two separate golf course consultants; and, in a worst case scenario, she believes there would be other parks and recreation funds that could be used before the City would go to their General Fund or increase the property tax rate to support this golf course.

Commissioner Carne asked what the impact would be if the discounts were not realized. Mike Mazzaferri, Secretary-Treasurer of the Northern Nevada Youth Golf Foundation, explained that First Tee has national contracts with many vendors such as irrigation suppliers, pump suppliers, seed suppliers, etc.; and he strongly believes they can bring the participation needed to keep this project within budget.

Commissioner Armstrong noted the operating revenue from the golf course in the first year is projected to be \$800,000. Chairman Aiazzi stated this proposal came before Reno a couple of years ago and he is glad to see this happening because it is a wonderful program. Commissioner Galloway indicated he would support the proposal based on the fact that this will not impact the property tax rate in the City of Sparks.

On motion by Commissioner Armstrong, seconded by Commissioner Pugh, which motion duly carried, it was ordered that the following "2002 City of Sparks Golf Course Bonds DMC Approval Resolution" be adopted and Chairman Aiazzi be authorized to execute:

RESOLUTION NO. 02-12DMC

A RESOLUTION CONCERNING THE SUBMISSION TO THE WASHOE COUNTY DEBT MANAGEMENT COMMISSION OF A PROPOSAL TO ISSUE GENERAL OBLIGATIONS ADDITIONALLY SECURED BY PLEDGED REVENUES; CONCERNING ACTION TAKEN THEREON BY THE COMMISSION; AND APPROVING CERTAIN DETAILS IN CONNECTION THEREWITH.

WHEREAS, pursuant to §§ 350.011 through 350.0165, Nevada Revised Statutes ("NRS"), the City Council (the "Council") of Sparks, Nevada (the "City"), notified the secretary of the Washoe County Debt Management Commission (the "Secretary" and the "Commission," respectively) of the City's proposal to issue general obligations additionally secured by pledged revenues and submitted a statement of the City's proposal in sufficient number of copies for each member of the Commission; and

WHEREAS, the Council anticipates making a determination that the pledged revenues will at least equal the amount required in each year for the payment of interest on and principal of such general obligation golf course bonds; and

WHEREAS, the Council proposes to incur such general obligations without an election unless a petition, signed by the requisite number of registered voters of the City, is presented to the Council requiring the Council, prior to incurring such general obligations, to submit to the qualified electors of the City for their approval or disapproval, the following proposal to incur such general obligations:

GENERAL OBLIGATION (LIMITED TAX) GOLF COURSE BONDS (ADDITIONALLY SECURED BY PLEDGED REVENUES) PROPOSAL:

Shall the City of Sparks, Nevada, be authorized to incur a general obligation indebtedness by the issuance at one time, or from time to time, of the City's general obligation (limited tax) golf course bonds (additionally secured by pledged revenues) in one series or more, in an aggregate principal amount not to exceed \$9,000,000 to defray wholly or in part the cost of acquiring, constructing, improving and equipping a recreational project in the City as defined in NRS 268.710, such bonds to mature serially commencing not later than five (5) years from the date or respective dates of the bonds and ending not later than thirty (30) years therefrom, to be payable from general (ad valorem) taxes (except to the extent pledged revenues and other monies are available

therefor) and to be issued and sold at, above, or below par at an effective interest rate (including any sale discount) not exceeding the statutory maximum rate, if any, as shall be determined at the time of the sale thereof, and otherwise to be issued in such manner, upon such terms and conditions, with such covenants and agreements, and with such detail as the City may determine, including at its option but not necessarily limited to provisions for the redemption of bonds prior to maturity without or with the payment of a premium?

(the "Proposal"); and

WHEREAS, pursuant to NRS § 350.0145, the Secretary, with the approval of the Chairman of the Commission, thereupon, within ten days from the receipt of the Proposal, gave notice of a meeting to be held not less than twenty days thereafter, and provided a copy of the Proposal to each member of the Commission with the notice of the meeting; and

WHEREAS, the Commission has heard anyone desiring to be heard and has taken other evidence relevant to its approving or disapproving the Proposal; and

WHEREAS, the Commission has received from the City complete statements of current and contemplated general obligation debt, a debt management policy, a capital improvements plan (which includes the capital improvements proposed to be financed as provided in the Proposal) and a statement of the chief financial officer, in full compliance with paragraphs (a), (b), (c), (d) and (e) of subsection 1 of NRS 350.013; and

WHEREAS, the Commission has considered all matters in the premises.

NOW, THEREFORE, BE IT RESOLVED BY THE WASHOE COUNTY DEBT MANAGEMENT COMMISSION OF WASHOE, NEVADA:

Section 1. This resolution shall be known as the "2002 City of Sparks Golf Course Bonds DMC Approval Resolution."

Section 2. The Commission hereby finds that the requirements of NRS §§ 350.013 to 350.015, inclusive have been met, and the Proposal for the issuance of general obligation golf course bonds (additionally secured by pledged revenues) in the maximum principal amount of \$9,000,000 by the City hereby is approved.

Section 3. The Commission and the officers thereof hereby are authorized and directed to take all action necessary or appropriate to effectuate the provisions of this resolution.

Section 4. All bylaws, orders, resolutions or parts thereof in conflict with this resolution are hereby repealed. This repealer shall not be construed to revive any bylaw, order, resolution or part thereof heretofore repealed.

Section 5. If any section, paragraph, clause or provision of this resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of the section, paragraph, clause or provision shall not affect any of the remaining provisions of this resolution.

Section 6. This resolution shall become effective and be in force immediately upon its adoption.

02-13DMC 2002 CITY OF RENO PARK, RECREATIONAL AND BUILDING BOND

Andy Green, City of Reno Finance Director, explained the proposal before the Board is a request from the City of Reno to issue \$60-million worth of general obligation bonds for the purpose of providing various recreational and cultural improvements within the City of Reno. He stated the estimated property tax rate increase for this particular proposal is approximately 8.96-cents, which would bring the overlapping rate up to approximately \$3.60, leaving an amount under the cap of about 3.6-cents. Mr. Green further advised that the County Commissioners did adopt a resolution objecting to the City's proposal; and the reasons cited were that use of this rate would impair the County's ability to provide mandated health and public safety services, and the proposed rate would conflict with the County's future needs for essential projects and services.

Mr. Green stated the City of Reno comprises approximately 55 percent of the County's population; and allowing the City to take this to the voters would allow the citizens of Reno to make the determination as to how property tax money should be spent.

Commissioner Galloway asked questions concerning whether consideration had been given to requesting a smaller amount and Reno's future plans regarding the operating tax rate. Mr. Green replied that phasing the projects was discussed so the full 8.96-cent rate would not occur all at once; that City Council would be discussing the tax rate when they adopt the 02/03 budget; and that staff has submitted a budget for the City of Reno that reflects no increase in the operating rate.

Commissioner Galloway noted this Board had previously requested that all proposed ballot questions be submitted at the same meeting, preferably after the 02/03 budgets have been adopted by each entity so the Board would know if any entity had increased their operating rate. He asked Mr. Green if there was any reason this proposal could not be delayed and brought back at the same time as the other ballot questions. Mr. Green stated it is his opinion that this item needs to move forward as quickly as possible.

Commissioner Carne noted Washoe County's reservation request and asked how that would affect this proposal. He also asked if the City is going to be requesting a reservation, whether there are any other proposals from Reno coming to this Board, and if revenues are going to be sufficient to support expenditures. Mr. Green responded that, for the next 4 or 5 years, their best guess is that the revenues will match regular operating expenditures. As to the reservation requested by the County, Mr. Green reiterated that he feels it should be left up to the people to make the determination as to how that property tax rate is going to be shared. Mr. Green also stated they feel the County's proposal is something that can wait, whereas these proposed projects are necessary; and Reno wants to get their indication from the people now.

Commissioner Galloway said there is 11.4-cents available on the overlapping rate at present; there are several other proposals being discussed that have not been presented to the DMC yet; one is a Reno proposal for a baseball stadium at 2-cents; and if both this 8.96-cents and the 2-cents were approved, there would be only .44-cents left. Mr. Green stated the baseball stadium was discussed at a Council meeting; staff was directed to develop language; and the issue has not gone back to Council yet.

Chairman Aiazzi asked Mr. Green if the information he previously relayed was all that the County Commissioners indicated when objecting to Reno's proposal. Mr. Green stated that is what is reflected in their minutes. Chairman Aiazzi asked legal counsel if the requirements for another entity objecting have been met. Paul Lipparelli, Deputy District Attorney, stated the basis for an affected entity to object to a proposal is that it will interfere with their ability to assess the maximum allowed rate of operating tax; and, as long as there is a statement on the record, the DMC has been noticed that there is an objection based on criteria set forth in the statute.

John Sherman, Washoe County Finance Manager, responded to Commissioner Armstrong's questions concerning the County's current operating rate and how this proposal would affect the County. Commissioner Galloway explained that if this proposal is approved, there would be only 2.4-cents left in the Reno/Washoe County overlapping rate; and the County might not be able to raise its operating rate.

Chairman Aiazzi then began calling on the citizens who had requested to speak; and the following citizens spoke in support of the City of Reno's proposal, urging the Board to approve it so the people can vote on how they want their tax dollars spent:

Michael Smith, representing Recreation and Swim Parents, described the need for new swimming pools and discussed the advantages of the proposed multi-generational community center.

Marshi Smith, Reno High School Senior, and Michael O'Mara, Bishop Manogue High School Junior, members of Reno Aquatic Club, discussed the importance of providing programs for the young people and the need for new pools, especially for the competitive swimmers. Erik Scalise, Manogue Swimming Coach, and Stephen and Stephanie Braun, Reno Aquatic Club, also spoke in support of new pools and adequate

facilities for youth programs; and Michael Damonte, Marcelle Gipson, Skylar Craig, and Collette Craig, Reno Aquatic Club, submitted written comments supporting the bond proposal. Brianne Owens, Galena High School Senior, stated she belongs to both the Reno Aquatic Club and the Reno Philharmonic Youth Symphony Orchestra and emphasized that these programs are very important to the young people.

Susan Jamerson, Reno Parks and Recreation Commission member, discussed the results of the studies and public opinion polls that were conducted to determine what the people wanted. She stated this bond proposes to fund the most pressing needs expressed by the citizens in those surveys, which includes a multi-purpose recreation center, an outdoor special events plaza, and renovation of pools, theaters and parks; and many of these projects are located in downtown Reno, which would also have a positive impact on the economic activity and revitalization of downtown.

Susan Mayes Smith and Nettie Oliverio, representing the Theater Coalition, urged the Board to approve this proposal stating this is an investment in the community's future. Elisa Maser, Support the Arts and Recreation Political Action Committee, discussed how these programs would improve the quality of life in the Truckee Meadows. Michele Attaway, Chair, Reno Arts and Culture Committee, stated that interest in the arts has increased five-fold over the last six years, but there have been no new performance facilities opened in downtown Reno during that time. Willis Allen, Executive Director, Pioneer Center for the Performing Arts, discussed attendance at his facility, especially the increasing numbers in the younger audiences.

Chris Chrystal, Nevada Commission on Tourism, explained the white water park and trail system proposed to enhance recreational opportunities along the Truckee River, a portion of which is included in this bond.

Connie McMullen, Chair, Senior Advisory Committee, City of Reno, and Publisher of *Senior Spectrum Newspaper*, stated Washoe County does a great job with senior services, but cannot do it all; and, with the ever increasing senior population in our area, services and resources are not keeping pace with the needs. She stressed the need for the proposed multi-generational facility.

Richard Gammick, Washoe County District Attorney, stated he was speaking both as a concerned citizen and as the community's concerned District Attorney. He pointed out that Washoe County is facing real budget concerns, which affect all of the public safety areas; and, without public safety, these facilities and parks won't mean much when the people can't use them because they don't feel safe. He stated there has to be a way to compromise, urged the Board members not to vote on this proposal at this time, and suggested they send it back to staff with direction to work out a solution where everyone gets something.

During these public comments, Commissioner Galloway debated the needs of this proposal versus the needs of Washoe County to continue providing mandated services.

Chairman Aiazzi noted the comments written on the cards by individuals who did not wish to speak and asked if there was anyone else wishing to speak. There was no response.

Mr. Sherman stated the proposal before the Board is worthy. He said the issue is the State tax structure; and, because of that, some of the proposals will not even have the opportunity to have a decision made about them unless everyone works collectively on solving that problem. Mr. Sherman pointed out that many entities are facing shortfalls and cutting operating budgets, and he stated the citizens would be much better served if the entities cooperated in resolving the issues instead of competing for the remaining balance under the \$3.64 cap. He reviewed the overlapping tax rates, corrected a statement attributed to him on page 11 of Reno's proposal as being outdated, and advised that, in fact, there are other proposals that will be coming to this body, the most important of which is a new animal shelter. He noted that the three entities, at their last joint meeting, took the position that the animal shelter was a worthy proposal, but if this proposal is approved, this body could not consider anything over 2-cents for a new animal shelter.

Mr. Sherman then reviewed historical operating rate increases by the three entities since 96/97, noting that the County increased its rate about 2.5-cents, Reno by over 20-cents, and Sparks by about 15.8-cents. He stated that, although Reno's proposal in and of itself will not cause the overlapping rate to exceed the \$3.64 cap, the Board has the duty to look at not only the current facts and circumstances, but also to look forward. He stated everyone could assume that nothing else will happen that affects tax rates in the future; but the future cannot be predicted, and if history is any indication, he is confident the cap will be reached.

Commissioner Galloway asked Mr. Sherman to explain the conflict between this proposal and the County's request that 5-cents be reserved. Mr. Sherman stated State law does not allow this body to approve proposals that, in the aggregate with the known tax rates, would exceed the \$3.64 cap rate. Commissioner Galloway stated approval of both requests would exceed the \$3.64 and pointed out that the County wants to reserve the 5-cents for continuing operations and the necessity of supporting those operations, not for any grandiose plans.

Chairman Aiazzi asked what the increase in consolidated tax revenues to Washoe County has been over the past few years. Mr. Sherman responded that the percentage increase to the County and the two Cities have been approximately the same.

Chairman Aiazzi stated there is also a County bond issue going before the voters that would actually reduce the property tax rate in the Cities of Reno and Sparks and asked what that amount would be. Mr. Sherman responded that amount is 11-cents.

Chairman Aiazzi asked about the County's request for reservation, noting the voters rejected an \$86-million bond issue in the last election, and asked if this was a way to get around the voters' decision and fund those things anyway. Mr. Sherman stated

the \$86-million was for a capital project, the Criminal Justice Facilities Complex; and the rate reservation is for operations. Chairman Aiazzi stated, as a reservation, it could be used for anything.

Commissioner Seach stated this conflict has to be resolved before the Board can take action on the bond proposal.

Paul Lipparelli, Legal Counsel, explained the new statutes that place the DMC into the role of resolving a conflict between two entities. He stated the Board has had discussion on establishing rules for resolving these conflicts, but has not yet adopted any rules or guidelines, so at this point, it would be his advice that the Board take as much information as they can from all sides in order to determine how to prioritize this. Mr. Lipparelli also concluded that there probably should have been a specific item on today's agenda regarding resolving this conflict before considering Reno's proposal. He suggested that the safest course of action might be to continue this item, but another meeting would have to be held within 10 days.

Commissioner Armstrong asked what happens if this Board cannot resolve the conflict so that both sides are happy. Mr. Lipparelli presented possible scenarios stating the options he sees are: 1) The DMC could approve Reno's \$60-million bond proposal and reject the County's request for reservation, sending the proposal on to the voters. He further stated that when the County adopts its final 02/03 budget, it could levy its maximum operating rate, which would consume a part of the tax rate designated for consumption by this bond issue before the vote even takes place. The City would not be permitted to issue all of the bonds that it contemplated issuing unless and until other debt dropped off or other operating rates were lowered. 2) The DMC could reject the City's proposal and it would never get to the voters. 3) The Board could go somewhere in between 1 and 2 by changing the amount of the bonds to be sent to the voters. He further stated, if the DMC sets the amount, it cannot be changed.

Commissioner Armstrong stated the voters would ultimately resolve the conflict. He further stated something has to be done about the tax cap; all the needs are valid; and he has always favored letting the citizens vote on how their money is spent. He asked if changing the amount of the bond proposal is a Board option. Mr. Lipparelli stated the DMC could condition its approval on the amount, on the timing of the issuance of the debt, on the securities, and on the levy of the tax necessary to support the debt. Commissioner Armstrong suggested the Board could reduce Reno's proposal by 2-cents so the County could have its 5-cents. Chairman Aiazzi stated that could be done, but then Reno could impose the tax anyway, even though they had not planned to do so.

A discussion ensued concerning whether resolution of the conflict was properly agendaized for this meeting. Chairman Aiazzi expressed that the Board could vote to either approve or deny the bond proposal, and that would also resolve the conflict; but to do anything in between would require a resolution of the conflict between Reno and Washoe County. Mr. Lipparelli stated the resolution makes no mention of resolving the conflict, so at the very least, the resolution would need to be amended. He further

stated the Washoe County Debt Management Commission is "breaking new ground," as it is the first in the State dealing with a conflict resolution.

Commissioner Carne asked if resolution of the conflict has to occur in the form of a motion relative to the actual bond request. Mr. Lipparelli advised that whether there is an oral motion or some other method, the Board should make a statement about the conflict and how it was resolved. He stated that is the Board's statutory duty and he does not believe the proposal would be legal going forward if it left this meeting without anything being said about the conflict.

Commissioner Galloway stated he does not believe the people who spoke today are aware that there will be other items, which cannot even be considered by the voters, if this is approved. Mr. Lipparelli described an exception to the rule about not putting more on the ballot than the tax cap can support, which is that it can be done if there is an agreement among the affected entities as to how they are going to bring their operating rates into compliance, or if the DMC adopts a plan, which is approved by the Executive Director of the State Department of Taxation, pursuant to which the combined property tax rate would be in compliance with the statutory limit.

Commissioner Armstrong moved that the "2002 City of Reno Park, Recreational and Building Bond DMC Approval Resolution" be approved with the following two caveats: 1) when the arguments for the ballot question are prepared, the argument against it should include Commissioner Galloway's concerns to let the public know before they vote that, if it is approved, there would not be any tax rate left for Washoe County; and 2) that Reno negotiate with Washoe County during the next ten days to resolve this conflict by bringing the amount of the bond down so the County could reserve the 5-cents. Mr. Ainsworth seconded the motion.

Chairman Aiazzi asked legal counsel if that was satisfactory wording to resolve the conflict. Mr. Lipparelli stated he does not believe the DMC has any authority to mandate the language on the ballot questions. He further advised that the Board telling the City to negotiate with the County might fall under their power to condition the proposal, but as the motion was made, it is approval of \$60-million; and if the negotiations do not result in any voluntary reductions on the part of the City, the City would still be able to impose the entire \$60-million. He stated he does not believe the motion satisfactorily resolves the conflict.

Chairman Aiazzi suggested adding a condition that the City would not increase its operating rate. Mr. Lipparelli stated he did not think that would be enforceable.

Commissioner Armstrong stated he would like to change his motion to approve the request as submitted with no conditions/caveats. Mr. Ainsworth seconded the motion and asked if reserving the remaining 2.5-cents for Washoe County would satisfy resolution of the conflict.

Commissioner Galloway stated the County needs the 5-cents. He further stated he could not support the motion because it would preclude everyone else from being able to put something on the ballot. He stated he still maintains that the right thing to do is a technical disapproval of this proposal at this time telling the City of Reno to come back once the entities have set their operating rates and at the same time as the other ballot proposals. Commissioner Galloway stated it is not right to have a process where the first people who show up take it all. He also noted that staff did not speak about the merits of the projects; and \$60-million worth of projects is going to require considerable maintenance and operation costs with no rate left.

Mr. Lipparelli noted that, as it stands now, the motion is to approve the proposal and Mr. Ainsworth's comments about the reservation for the County have not been added to the motion. He further stated if that is going to be added, the following language should be added to the resolution: The DMC resolves the conflict between Washoe County as an affected entity and the City of Reno as the proposing entity by finding that the objection of the County is dismissed and that the conflict is resolved by the adoption of this resolution.

Commissioner Armstrong stated he does not want to dismiss the objection and he would rather say the objection is understood. He stated he also believes it is a valid objection. Mr. Lipparelli reiterated that it is the obligation of the DMC to resolve the conflict and the Board has to say how that was done. Commissioner Armstrong stated he feels this conversation is a matter of public record and he would modify the motion to include Mr. Lipparelli's words.

Commissioner Galloway asked whether the motion includes reserving the remainder of the cap for Washoe County. Chairman Aiazzi stated that is a separate item later on the agenda.

Commissioner Carne thanked the people who came out to speak today and stated he does not think anyone on the Board is opposed to this proposal or questioning its validity, but the issue is how to divide the remaining tax cap. He stated he would like the Finance Directors to get together, examine all the proposals, and come back to the Board with a better grasp of what is available and what might be happening in the next couple of years. He discussed the situation in the middle schools and said the School District will be submitting a bond proposal for the 2004 election, but they do not know yet if it will affect tax rates. Commissioner Carne stated he could not support the motion.

Commissioner Seach suggested a 10-day continuance stating there has been too much conflicting information presented. Commissioner Carne stated he would agree and was hoping staff could have the other information he requested available by then.

Mr. Lipparelli confirmed that, if the matter was continued and heard within ten days, it would be a continuation and the timeframes would not start over again.

Chairman Aiazzi called for the vote on the motion to approve and adopt the resolution. The motion failed with Commissioners Armstrong, Aiazzi and Ainsworth voting "yes" and Commissioners Carne, Galloway, Pugh and Seach voting "no."

On motion by Commissioner Armstrong, seconded by Commissioner Carne, which motion duly carried, Chairman Aiazzi ordered that consideration of the "2002 City of Reno Park, Recreational and Building Bond DMC Approval Resolution" be continued to Friday, April 26, 2002 at 3:00 p.m.

* * * * *

6:15 p.m. - Commissioner Seach left the meeting.

DISCUSSION - RESOLVING CONFLICTS, ETC.

The discussion on establishing methods and procedures for resolving conflicts, determining the highest and best use of unlevied property taxes, allowing municipalities to reserve a percentage of their unlevied operating rate, and combining tax override requests was continued to Friday, April 26, 2002.

02-14DMC WASHOE COUNTY'S APPLICATION FOR RESERVATION

John Sherman, Washoe County Finance Director, explained some of the issues the County is facing are:

1. The need for additional space at the regional jail because the jail population continues to grow just as the area's population grows.
2. The last legislature put Child Protective Services entirely under the County's responsibility integrating the State functions into the County, but it is not known at this time where the funding is going to come from in the future.
3. Uncertainties as to future funding for the Health Department emergency preparedness for Homeland Security.

Mr. Sherman also reviewed annual growth rates in the General Fund, the Consumer Price Index, and in the Public Safety functions.

Consideration of Washoe County's request that the Commission authorize a reservation of 25 percent (\$0.05) of Washoe County's allowed but not levied property tax operating rate was continued to Friday, April 26, 2002.

02-15DMC INTERLOCAL AGREEMENT BETWEEN MUNICIPALITIES - COORDINATION OF SUBMISSION OF PROPOSALS

Legal Counsel Paul Lipparelli presented a draft of an interlocal agreement concerning establishing a process by which all the parties would bring their proposals to

the Board at the same time. He stated he wanted to draw the Board's attention to the "blanks" in Article 3.1 of the agreement regarding dates and timeframes and asked the Board members to consider what they feel would be the most sensible policy.

Commissioner Galloway suggested the entities be informed that June 7, 2002 will be the final date for the DMC to review all proposals for the 2002 ballot.

Further consideration and action on this interlocal agreement was continued to Friday, April 26, 2002, at 2:00 p.m.

DISCUSSION REGARDING FUTURE MEETINGS

John Sherman, Washoe County Finance Director, discussed the need for the local government tax structure to be changed and stated the committee is working hard on this issue. Commissioner Armstrong reiterated that the DMC needs a Bill Draft Request (BDR) and stated, even if a community was at the cap, if there was something the people wanted, they should be allowed to vote on it because they would be taxing themselves. Commissioner Galloway suggested the Board receive a legislative update at future meetings and the agenda item be worded to allow for staff direction.

PUBLIC COMMENTS

There was no response to the call for public comments.

* * * * *

There being no further business to come before the Board, the meeting adjourned at 6:40 p.m.

DAVE AIAZZI, Chairman
Debt Management Commission

ATTEST:

AMY HARVEY, Washoe County Clerk
and Ex Officio Secretary,
Debt Management Commission

*Minutes Prepared by
Sharon Gotchy*

**DEBT MANAGEMENT COMMISSION
WASHOE COUNTY, NEVADA**

SPECIAL MEETING

FRIDAY

3:00 P.M.

APRIL 26, 2002

PRESENT:

David Aiazzi, Chairman, City of Reno
James Ainsworth, Vice Chairman, GID's
Tony Armstrong, Commissioner, City of Sparks
Dan Carne, Commissioner, School District*
Jim Galloway, Commissioner, Washoe County*
Richard Pugh, Commissioner, At-Large
Robert Seach, Commissioner, At-Large

Amy Harvey, County Clerk
Paul Lipparelli, Legal Counsel

The Debt Management Commission (DMC) met in the Chambers of the Washoe County Administrative Complex, 1001 East Ninth Street, Reno, Nevada, in full conformity with the law, with Chairman Aiazzi presiding. Commissioners Carne and Galloway arrived later in the meeting and were not present for the roll call. Following the Pledge of Allegiance to the flag of our Country, the Clerk called the roll and the meeting commenced for the purpose of conducting the following business.

AGENDA

Chairman Aiazzi advised that the animal control shelter proposal is not on today's agenda, as it has not yet been brought to the Debt Management Commission by the County. He said anyone wishing to speak on the animal shelter issue would need to do so under Public Comments.

Later in the meeting, Commissioner Galloway requested that discussion and testimony be presented prior to taking action on Agenda Items 6 and 7 concerning the City of Reno Park Bond and Washoe County's reservation. He said the two issues are related because both could not be approved as submitted without going over the cap.

On motion by Commissioner Galloway, seconded by Commissioner Seach, which motion duly carried with Commissioner Carne absent, Chairman Aiazzi ordered that the agenda for the April 26, 2002 meeting be approved, as amended.

02-16DMC PUBLIC COMMENTS

Approximately 25 people spoke in support of placing the regional animal shelter bond question on the ballot. Approximately 53 statements of support for a regional animal shelter bond question were read into the record by Chairman Aiazzi.

***3:10 p.m. Commissioner Carne arrived during Public Comments**

***3:15 a.m. Commissioner Galloway arrived during Public Comments**

**02-17DMC GENERAL OBLIGATION BONDS FOR CITY OF RENO –
WASHOE COUNTY RESERVATION REQUEST**

These issues were continued from April 19, 2002.

Dennis Balaam, Sheriff, spoke in support of Washoe County's reservation request. He advised that the jail population is reaching the point of overcrowding and the facility is at the maximum efficiency with the funds that are currently available. He said the Sheriff's budget has been cut by \$1.9 million and, if the reservation is not approved, there will be no option but to lay off personnel.

Commissioner Carne, Washoe County School District Board of Trustees, advised that the School District has no bond proposals at this time. He said reductions have been made in many of the programs, and they are trying to understand the ramifications of that budget realignment. He advised that, where possible, elementary schools would be multi-track to satisfy the overcrowding problem when it occurs; two high schools have just been completed and a third high school is under construction; and the middle schools are full. Commissioner Carne said the School District may have to do something in the future and is concerned about how close the community is getting to the cap.

Andy Green, City of Reno Finance Director, advised that, pursuant to the direction of the DMC, the Finance Directors from Reno, Sparks, Washoe County and the School District met to discuss options that could address some of the issues concerning the cap. He advised that several issues were discussed but no consensus was reached on how the problems could be addressed. Mr. Green presented overhead charts and reviewed issues discussed by the Finance Directors, which included the following: (1) the City of Reno could possibly reduce their \$60 million parks bond by the amount required for the animal shelter; (2) if the County assumes the operation of the animal shelter, approximately \$550,000 currently allocated for field operations would be freed up at the City of Reno, which would leave some flexibility for providing relief for the cap problem, (3) if the approximate \$1.4 million jail payment the City of Reno currently pays went away, there could potentially be a three-cent drop in the City of Reno rate, (4) the possibility of making some of the recreation and cultural projects countywide, (5) how the unincorporated municipal tax structure would impact the cap, and (6) School District issues.

John Sherman, Washoe County Finance Director, said the Finance Directors concluded that one of the issues being dealt with is how the State tax structure is limiting the County's options. He said all the proposals the DMC will be considering are worthy and should have the opportunity to be placed on the ballot. He discussed how the tax structure overlays the proposals and conducted an overhead presentation regarding property tax rate information concerning Reno, Sparks, Washoe County and the School District. He also discussed the impacts on known bond and special elective tax proposals. Mr. Sherman advised that one of the challenges the County has is that, even after cutting costs this year and next year, they still have a budget gap to fill. He said at a budget workshop it was determined the County could no longer squeeze its operations and would have to start eliminating programs or increase the operating rate. The Board of County Commissioners directed staff to create a balanced budget with some additional cuts and up to a five-cent operating tax increase. If Washoe County has an additional five cents placed in its operating budget for next year, the capacity is reduced to six cents in Reno and almost seven cents in Sparks. The cap is putting pressure on the entities being able to go forward with proposals for voter approval and the ability of Washoe County to raise rates to their statutorily allowed rate. Mr. Sherman then discussed the possible impacts of what the School District is allowed by law to take to the voters, and said these issues might be used as a demonstration that the State tax structure needs to be corrected.

Terri Thomas, Finance Director, City of Sparks, agreed with the comments made about the Legislative structure.

Robert Burdick, Executive Director, Washoe County Employees Association (WCEA), said the WCEA supports Washoe County's 5-cent reservation request. He said, without the reserve, they are concerned that State and federally mandated programs would not be properly funded or staffed; and, although parks and recreational programs are important, they should not be created at the expense of jobs or public safety.

Approximately 30 people spoke or indicated their support for placing the Reno Bond proposal on the ballot. Chairman Aiazzi read approximately 15 statements of support into the record. Four people spoke in opposition to the parks bond proposal. Frank Gross, area resident, spoke in support of Washoe County's reservation request.

Mr. Sherman reviewed issues relating to Washoe County's request for a reservation of 25 percent (or \$0.05) of Washoe County's allowed but not levied property tax operating rate. He advised the DMC is now in a new section of State law that says they shall consider the public necessity or the public need, which is classified into essential and nonessential categories. He noted that essential need is for public safety, health or education, and the County has two areas of public service that relate to public safety and health. The reserve is needed in order to address emergencies and operating costs based on the growth of the community. Mr. Sherman advised that if the cap is reached now, Reno and Sparks would not have the opportunity to increase their operating

rates. Mr. Sherman then responded to questions of Commissioner Galloway concerning the Sheriff's Office expenses, the regional jail facility, and the integration of the State and County Child Protective Services under Washoe County.

Susan Asher, Executive Director, Humane Society, responded to questions of Commissioner Galloway concerning the animal shelter. She said, if the arts and parks bond were passed as proposed tonight, it would eliminate any possibility of having the animal shelter come before the DMC.

Upon inquiry of Commissioner Carne, Legal Counsel Lipparelli advised the statutes provide that the DMC establish a procedure for allowing the rate reservation. The procedures must allow municipalities whose tax levying powers may be affected by the reservation to enter objections, and provide a method for resolving conflicts over the remaining allowable property tax increases.

Upon inquiry of Commissioner Ainsworth, Legal Counsel Lipparelli advised that the DMC has the authority to decrease the amount of Reno's bond proposal in two circumstances: When the bond issues are within 90 percent of the statutory cap and in the context of resolving the dispute between an affected and proposing entity. Commissioner Ainsworth said he has a problem approving a \$60 million bond for nonessential services when it is known essential issues would be forthcoming.

Chairman Aiazzi asked why the County's unincorporated tax rate that would reduce taxes by eight cents was not included in the figures presented by staff. Mr. Sherman stated that the County Commissioners would have to vote on placing that issue on the ballot and Legal staff has advised that Finance staff could not assume that the issue would pass. He noted that, if the voters approved the ballot question, the County Commissioners would have to form the unincorporated town and adjust the overlapping tax rates.

Commissioner Armstrong commented that all of the County Commissioners voted against Sparks being able to put their public safety question on the ballot. Mr. Sherman advised the County recognized there was a conflict between the requested rate reservation, the animal shelter that all jurisdictions agreed to pursue, and the Sparks proposal. He said the County Commissioners stated in their motion to pass the resolution that created this conflict, if room is left after dealing with all the proposals, they would be agreeable to going forward with what is left for the City of Sparks. Commissioner Armstrong said he is concerned about the County Commission taking that action and that Sparks is not going to have the opportunity to get what they need for public safety.

Commissioner Seach said he does not see how the DMC can make any decisions when they do not have enough information. He asked if these issues could be deferred again. Legal Counsel Lipparelli advised that the law allows the DMC to adjourn an issue for a debt or special elective tax proposal not more than once and for not more than ten days, which the Commission has already done. He said he believes the only

possibility would be for the proposing entity to request a deferral of the item. Chairman Aiazzi said the City Council asked him to bring this forward, and he believes the only way the City could pull this off the DMC agenda would be by a vote of the City Council.

Commissioner Galloway asked if the DMC were to deny the \$60 million bond issue, would that preclude Reno from coming back with a smaller proposal. Legal Counsel Lipparelli said Reno would not be precluded from submitting another proposal but there would be some practical constraints on the City's ability to submit another proposal. One of the constraints would be whether the 45-day period for the County to register its objection as an affected entity would start all over again and whether there is time for the process.

Commissioner Armstrong advised that most of the requested needs are valid, although he is not so sure about the baseball stadium. He discussed the possibility of reducing everybody's proposals by a small amount as a compromise. Mr. Sherman and Ms. Thomas advised that the entities have not yet adopted their budgets and it would be difficult to make assumptions about the final numbers.

Commissioner Galloway stated it appears there has been general agreement that the law does not allow the DMC to let everything occur, and everybody might end up with a little less than desired. He said the DMC could deny Reno's \$60 million bond request and note that consideration of a modified proposal would not be ruled out. The DMC could then take into account the operating rates the various entities have levied after their final budgets are adopted in May, and all proposals could come back to the DMC in June. Commissioner Carne stated that everyone would like to get to the point where the budgets are final and there is no unknown relative to rates which would preempt anything the DMC might do tonight. He said denial of the parks bond would require that it be totally resurrected, and he is concerned that there is not enough time for the new proposal to go through the process.

Mr. Green stated that, if the parks bond proposal goes away, the timeline to get the issue on the ballot would be too tight; and the City's preference would be that a determination be made tonight so they can proceed with what needs to be done to meet the ballot deadline.

Commissioner Armstrong moved to approve the Reno parks bond for \$45 million and to reduce Washoe County's reservation request to four cents. He said his intent would be to eliminate the ballpark and reduce the animal shelter and the Sparks override question. Commissioner Seach seconded the motion.

Commissioner Carne went to the whiteboard and outlined the Board's discussion and clarification about the pennies involved with the proposals on the table and those forthcoming.

Commissioner Galloway said he believes the City has time to submit a smaller proposal to the DMC by June when the animal shelter will be coming forth, but is

not willing to do so. He moved to amend Commissioner Armstrong's motion and deny Reno's parks bond proposal without any bias against a reformulated offer coming back in June. The motion died for lack of a second.

Chairman Aiazzi said the motion is for \$45 million for Reno's bond issue, which represents 6.5 cents, which would leave approximately 2.5 cents for animal control and two cents for the County's reserve. He spoke in support of taking the issues to the people to vote on whether they think parks and animal control are more necessary than jail expansion. He said the City has always taken public safety issues to the voters and has not had a bond issue for parks and recreation for 25 years. They have buildings that have to be rebuilt and the Moana Pool is over 40 years old. He said he supports a regional animal control shelter but does not know if four cents is necessary to accomplish that.

Commissioner Galloway stated that the County would almost certainly have to raise rates more than two cents, noting that the County runs the courts and the jail. He discussed a scenario for a \$30 million Reno parks bond, which would leave four cents for the County's reservation rate. He said he believes the County Commission is likely to impose a five-cent operating rate and there will not be any money for the parks bond and the animal control shelter. Commissioner Galloway moved to amend Commissioner Armstrong's motion and approve the Reno parks bond issue at \$30 million and a four cent reservation rate for Washoe County. The motion died for lack of a second.

Chairman Aiazzi called for the question on Commissioner Armstrong's motion to approve \$45 million for the Reno parks bond. Commissioners Aiazzi, Seach and Armstrong voted in favor of the motion. Commissioners Galloway, Carne, Ainsworth and Pugh voted "no" and the motion failed three to four.

Legal Counsel Lipparelli went to the whiteboard and outlined what happens when operating rates go into place. He said, if the County and the City's impose operating rates above the level of all the other proposals and debt gets approved by the voters in November, next July when the entities turn in their final budgets is the point in time when all the conflict takes place. If there is a collision, the Chairman of the Board of County Commissioners calls a meeting of the governing boards involved and they sit down to resolve it following the process set by statute. If there is no resolution, the matter goes to the State Tax Commission. Mr. Swendseid advised that Mr. Lipparelli is talking about what happens with actual facts, and the DMC is not allowed under statute to approve the proposal if the estimates and approved final budgets result in a tax above the cap. Mr. Lipparelli asked if the DMC could approve a proposal that took it over the cap if a plan was agreed to by all governing bodies as to how the operating rate would be reduced to make room for the bonds. Mr. Swendseid said that was correct.

Commissioner Pugh moved, seconded by Commissioner Armstrong, that a \$40 million Reno parks bond issue be approved. On call for the question, Commissioners

Pugh, Seach, Armstrong, Aiazzi and Ainsworth voted in favor of the motion and Commissioners Carne and Galloway voted "no." The motion passed five to two.

02-18DMC RESERVATION RATE – WASHOE COUNTY

Considerable discussion and the public comments on this item were presented along with discussion on the previous item.

Chairman Aiazzi commented that the animal shelter and the Sparks proposal would be forthcoming to the DMC. He stated that, if the DMC approves the Sparks request for 6.5 cents, it would not have an affect on the County's operating rate or the animal shelter. This would give the County time to look at the amount needed for an animal shelter and whatever is left would be available for the reservation rate. Commissioner Galloway stated there would not be enough cap rate left for what the County has requested and for the animal shelter.

Chairman Aiazzi said Legal Counsel advised there is no legal obligation to approve the reservation within a certain amount of time and staff could be directed to crunch the numbers further. Commissioner Armstrong stated he does not have a problem if Sparks has to take a reduction like everybody else. The entities should be working toward what is good for the region. If the entities work together, everyone would win a little bit.

Discussion was held about possible options relative to the County's reservation rate. Legal Counsel Lipparelli advised that imposing or not imposing a reservation rate tonight would not affect whether the County can put an operating rate in its budget.

Commissioner Galloway stated that because some of the issues represent unknown territory, maybe the reservation request should be deferred. He noted that he would like to bring everything back at the same time, if possible. Mr. Lipparelli advised that Sparks proposal was delivered to the County Clerk's Office on April 24, 2002 and the hearing date for their proposal could not be held later than May 23, 2002, unless Sparks agrees to delay it. Chairman Aiazzi said the DMC could go forward with Sparks and the County's proposal could come back whenever they want to bring it forward to DMC. Upon inquiry of Chairman Aiazzi, Mr. Sherman said there is no harm in deferring the County's rate reservation request.

On motion by Commissioner Galloway, seconded by Commissioner Armstrong, which motion duly carried, Chairman Aiazzi ordered that the request for a reservation of 25 percent (\$0.05) of Washoe County's allowed but not levied property tax operating rate be deferred.

Commissioner Galloway requested that, if possible, Sparks bring their bond request back to the DMC after determining their operating rate.

DISCUSSION – ESTABLISH METHODS AND PROCEDURES

On motion by Commissioner Ainsworth, seconded by Commissioner Carne, which motion duly carried, Chairman Aiazzi ordered that this item be deferred.

DISCUSSION – INTERLOCAL AGREEMENT – SUBMISSION OF PROPOSALS FOR DEBT AND SPECIAL ELECTION TAXES

On motion by Commissioner Ainsworth, seconded by Commissioner Armstrong, which motion duly carried, Chairman Aiazzi ordered that this item be deferred.

DISCUSSION – FUTURE MEETINGS

Legal Counsel Lipparelli advised that the hearing to consider the Sparks bond proposal would need to be held by May 23, 2002. He said this could be done by the Clerk with the Chairman's consent. Chairman Aiazzi said he would work with Sparks before setting that agenda item.

MEMBER COMMENTS

There were no member comments.

PUBLIC COMMENTS

There was no response to the call for public comments.

* * * * *

There being no further business to come before the Board, the meeting adjourned at 8:20 p.m.

DAVE AIAZZI, Chairman
Debt Management Commission

ATTEST:

AMY HARVEY, Washoe County Clerk
and Ex Officio Secretary,
Debt Management Commission

*Minutes Prepared By
Barbara Trow, Deputy County Clerk*

**DEBT MANAGEMENT COMMISSION
WASHOE COUNTY, NEVADA**

SPECIAL MEETING

FRIDAY

2:00 p.m.

MAY 17, 2002

PRESENT:

David Aiazzi, Chairman, City of Reno
James Ainsworth, Vice-Chairman, GID's
Tony Armstrong, Commissioner, City of Sparks
Dan Carne, Commissioner, School District
Jim Shaw, Commissioner, Washoe County (Alternate)
Richard Pugh, Commissioner, At-Large

Amy Harvey, County Clerk
Paul Lipparelli, Legal Counsel

ABSENT:

Robert Seach, Commissioner, At-Large

The Washoe County Debt Management Commission (DMC) met in the Chambers of the Washoe County Administrative Complex, 1001 East Ninth Street, Reno, Nevada, in full conformity with the law, with Chairman Aiazzi presiding. Following the Pledge of Allegiance to the flag of our Country, the Clerk called the roll and the Board conducted the following business:

AGENDA

On motion by Commissioner Ainsworth, seconded by Commissioner Pugh, which motion duly carried, it was ordered that the agenda for the May 17, 2002, special meeting be approved.

PUBLIC COMMENTS

Sandra Powell, area resident, spoke in support of the new animal shelter proposal and expressed her dissatisfaction with the City of Reno for bringing their arts and parks bond to the Board ahead of other proposals and taking most of the remaining cap before the other proposals had a chance to be heard. She also criticized the Board for not delaying consideration of Reno's proposal until all the proposals could be heard and considered at the same time.

Charles Jarvi, area resident, stated he was surprised to learn that the Reno bond was not endorsed by the Reno City Council, and he alleged this bond was being pushed by Chairman Aiazzi. He stated he believes this is a conflict of interest. Mr. Jarvi requested the District Attorney check the record of the City Council meetings; and, if it is true that the Council did not endorse the \$60 million bond, the DMC should rescind their prior approval and wait until all the issues can be judged on their merits and weighed against each other fairly.

It was noted that the Board received a letter from Judy Stewart, area resident, voicing her support for the new animal shelter. She also urged the Board to honor Commissioner Pugh's request to reconsider the Reno arts and parks bond.

MEMBER COMMENTS

Commissioner Armstrong clarified that the amount for the animal shelter has not been established, and the proposal has not yet come to the DMC.

02-19DMC WASHOE COUNTY SCHOOL DISTRICT - BALLOT PROPOSAL - DEBT "ROLLOVER" PLAN

Johnnie Pullman, Vice President, Washoe County School District Board of Trustees, thanked the Board for including the School District on today's agenda and allowing them the opportunity to inform the Board and the public about their plans.

Dr. Jim Hager, Superintendent, advised that the School District will be putting a question on the November, 2002 ballot asking permission from the taxpayers to allow the School District to maintain their current tax rate of 38.85 cents for a period of ten years. He stated this would be a "roll-over" and not a tax increase, which was provided for by the 1997 State Legislature. Dr. Hager conducted a PowerPoint presentation detailing the District's capital funding needs for the next ten years, estimate of construction needs for new schools, upgrades/improvements to older schools, technology infrastructure, and potential rollover proceeds. He stated the tax rate for the School District would stay flat, and he also described the accountability of this process.

Ted Harris, Incline Village resident, stated in 1998 the voters were promised the School District would not come back for another bond until 2004 and he believes this could be viewed as an "end-run" around that commitment. He stated this appears to be a "blank check" on the pocketbook of the taxpayer, and new schools should be voted on by the people. Mr. Harris asked if it would be appropriate for Commissioner Carne to vote on this issue stating he believes that represents a conflict of interest.

Chairman Aiazzi explained that this was an informational only item and the Board would not be taking any action on this issue. Mr. Harris asked when this proposal would be acted on by the DMC. Chairman Aiazzi responded that would occur after the vote of the people, assuming the people approve the question.

Don Kaplan, Incline Village resident, stated he is against government spending money that really does not need to be spent. He stated just because the tax rate is not going to be increased does not mean his taxes are not going up since his assessed value keeps going up. Mr. Kaplan stated the residents are looking for rates to decrease if there is no real need to spend the money.

Carl Foster, Incline Village resident, stated there seems to be a momentum building for the School District to have a bond issue that the public never sees.

Legal Counsel Paul Lipparelli explained that the legislative process allows the question to go on the ballot without requiring DMC approval; and, if approved by the voters, the School District would then come to the DMC for approval as they wish to issue bonds.

**02-20DMC WASHOE COUNTY GENERAL OBLIGATION BONDS -
DISTRICT ATTORNEY'S OFFICE BUILDING BONDS**

John Sherman, Washoe County Finance Director, described the proposal to incur \$20-million in general obligation debt, to be paid for by consolidated tax revenue, for the District Attorney's new office building. He reviewed the financial reports detailing the County's current indebtedness and how the bonds would be paid back.

Commissioner Ainsworth asked whether the public would vote on these bonds. Mr. Sherman stated they would not because the County is not proposing to increase taxes to pay this debt. Commissioner Ainsworth recalled the voters turning down a County bond for this same thing at the last election. He asked if this was the same proposal. Mr. Sherman explained what the voters did not approve previously was an \$86 million bond proposal for a new, very large, criminal justice facility; this project is a small component of that; and this is a joint project with the City of Reno, who will be doing part of the building for the Reno Municipal Court.

Commissioner Shaw moved to approve the proposal and adopt the Resolution. Commissioner Carne seconded the motion. Chairman Aiazzi stated he finds this difficult to approve; he feels this is something the people should be able to vote on, and he thinks the people did vote on it two years ago; and, in the past, the voters turned down the Jan Evans Juvenile Justice Facility, but the County built it anyway.

Commissioner Carne asked Legal Counsel to explain the context under which this issue should be evaluated. Paul Lipparelli, Deputy District Attorney, cited the criteria under NRS 350.015 and stated, because the County is proposing to pay for these bonds with existing revenues and is not going to increase taxes, it is not required that it go before the voters.

Chairman Aiazzi noted the County is increasing taxes by five cents and asked whether he could logically assume that this is one of the reasons they need to do so.

Mr. Lipparelli stated that would be presumptuous because that decision had to do with the operating budget for the County for the next fiscal year.

Commissioner Shaw reminded everyone that, although this is being proposed by the County, the District Attorney serves all of the residents of Washoe County, not just the unincorporated area residents.

Upon call for the question, the motion carried unanimously; and it was ordered that the following Resolution be adopted and Chairman Aiazzi be authorized to execute same:

RESOLUTION NO. 02-20DMC

A RESOLUTION CONCERNING THE SUBMISSION TO THE WASHOE COUNTY DEBT MANAGEMENT COMMISSION OF A PROPOSAL TO ISSUE GENERAL OBLIGATION DISTRICT ATTORNEY'S OFFICE BUILDING BONDS (ADDITIONALLY SECURED BY PLEDGED REVENUES) IN THE AGGREGATE PRINCIPAL AMOUNT OF \$20,000,000; CONCERNING ACTION TAKEN THEREON BY THE COMMISSION; AND APPROVING CERTAIN DETAILS IN CONNECTION THEREWITH.

WHEREAS, pursuant to §§ 350.011 through 350.0165, Nevada Revised Statutes ("NRS"), Washoe County, Nevada (the "County"), notified the secretary of the Debt Management Commission of Washoe County (the "Secretary" and the "Commission," respectively) of the County's proposal to issue general obligations (additionally secured by pledged revenues) and submitted a statement of the County's proposal in sufficient number of copies for each member of the Commission; and

WHEREAS, the Board of County Commissioners of the County (the "Board") proposes (subject to the approval of the proposal to issue general obligations by the Commission) to issue the bonds described in the following proposal:

GENERAL OBLIGATION DISTRICT ATTORNEY'S OFFICE BUILDING BONDS ADDITIONALLY SECURED BY PLEDGED REVENUES PROPOSAL:

Shall the Board of County Commissioners of Washoe County in the State of Nevada, be authorized to incur a general obligation indebtedness on behalf of the County by the issuance at one time, or from time to time, of the County's general obligation (limited tax) office building bonds, in one series or more, in the aggregate principal amount of not exceeding \$20,000,000 for the purpose of

financing, wholly or in part, the acquisition, construction, improvement and equipment of building projects, including public buildings to accommodate or house lawful county activities including, without limitation, records, county personnel, administrative and attorneys' offices and county equipment, as provided in NRS 244A.019, the bonds to mature commencing not later than five (5) years from the date or respective dates of the bonds and ending not later than thirty (30) years therefrom, to bear interest at a rate or rates not in excess of the statutory maximum rate in effect at the time bonds are sold, to be payable from general (ad valorem) taxes (except to the extent pledged revenues and other moneys are available therefor), and to be issued and sold at par, or below or above par, and otherwise in such manner, upon such terms and conditions, and with such other detail as the Board may determine, including at its option but not necessarily limited to provisions for the redemption of bonds prior to maturity without or with the payment of a premium?

(the "Proposal"); and

WHEREAS, pursuant to NRS § 350.0145, the Secretary, with the approval of the Chairman of the Commission, thereupon, within ten days from the receipt of the Proposal, gave notice of a meeting to be held not more than twenty days thereafter, and provided a copy of the Proposal to each member of the Commission with the notice of the meeting and mailed notice of the meeting to the chief financial officer of each municipality in Washoe County, Nevada which has complied with subsection 1 of NRS 350.013 within the past year; and

WHEREAS, the Commission has heard anyone desiring to be heard and has taken other evidence relevant to its approving or disapproving the Proposal; and

WHEREAS, the Commission has considered all matters in the premises.

NOW, THEREFORE, BE IT RESOLVED BY THE DEBT MANAGEMENT COMMISSION OF WASHOE COUNTY, NEVADA:

Section 1. This resolution shall be known as the "2002 District Attorney's Office Building Bond DMC Approval Resolution."

Section 2. The provisions of NRS §§ 350.013 to 350.015 have been met, and the Proposal for the issuance of general obligation (limited tax) district

attorney's office building bonds additionally secured with pledged revenues in the aggregate principal amount of \$20,000,000 proposed by the County is approved.

Section 3. The Commission and the officers thereof hereby are authorized and directed to take all action necessary or appropriate to effectuate the provisions of this resolution.

Section 4. All bylaws, orders, resolutions or parts thereof in conflict with this resolution are hereby repealed. This repealer shall not be construed to revive any bylaw, order, resolution or part thereof heretofore repealed.

Section 5. If any section, paragraph, clause or provision of this resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of the section, paragraph, clause or provision shall not affect any of the remaining provisions of this resolution.

Section 6. This resolution shall become effective and be in force immediately upon its adoption.

**02-21DMC CITY OF SPARKS - SPECIAL ELECTIVE TAX BALLOT
QUESTION - FIRE PROTECTION**

Terri Thomas, City of Sparks Finance Director, stated she has been challenged to find a way to accommodate the operating tax rate that will likely be adopted by the Sparks City Council on May 28, 2002, as well as this 6.5-cent tax override, without taking away any additional tax capacity for the other critical needs being addressed countywide. She advised that the City of Sparks has offered to adjust its operating and debt rate in such a way that the 6.5 cents, if successful, would equal the rate being proposed for ballot questions. She distributed a chart of known and proposed tax rates for the entities and the total overlapping rates.

David Farside, Sparks resident, urged the Board to deny this request noting that two years ago the voters overwhelmingly turned down a similar proposal. He stated the management of the City of Sparks should be examined to be sure government is operating efficiently; and that the question to the voters should be whether they are willing to fund salary increases and bonuses for management, health insurance for City employees with no deductible, and the excess of the downtown Redevelopment Program. Mr. Farside also noted the Sparks Nugget successfully applied for a lower property valuation resulting in almost three-quarters of a million dollars in lost revenue.

Sparks City Councilman Mike Carrigan urged the Board to allow them to put this question on the ballot for the people to decide. He also advised that this will not be on the November 2002 election ballot, but instead it will be on the city election in June 2003; and, by that time, the issues concerning the overlapping tax rates and the cap should be resolved.

Commissioner Shaw asked if the Sparks City Council had considered a lower amount. Councilman Carrigan stated they are requesting 6.5 cents, but if it does not fit in the cap, they will have to work something out.

Chairman Aiazzi asked what position Washoe County took as an affected entity. Ms. Thomas stated the Washoe County Commissioners adopted a Resolution objecting to the proposal. She reiterated that she believes they have made an earnest attempt to come up with a way to do this without taking tax capacity away from other entities.

Commissioner Armstrong stated Sparks is asking for 6.5 cents to hire 12 firefighters, which is not really enough. He also stated the City reduced its imposed operating rate from 8.08 cents to 7.82 cents so there would still be capacity left in the overlapping rate for the other entities. Commissioner Armstrong moved to approve and adopt the Resolution at 6.5 cents so Sparks can take the issue to the voters. Commissioner Ainsworth seconded the motion.

Commissioner Ainsworth asked if the County had seen Sparks' proposal to decrease their rate and whether it would be sufficient to relieve the County's objection. John Sherman, Finance Director, stated he simply does not have an answer for that because staff is still working on the animal control facility proposal.

Commissioner Carne asked if this could be tabled for ten days until the other proposals could be presented with firm numbers, and the Board could look at a more complete picture. City Manager Shaun Carey stated firefighting is a critical need which is not going to go away, and this issue is an important part of the City Council's decision-making process when they adopt next year's budget. He explained that the growth, especially in Spanish Springs, has created this problem; their emergency response times to Spanish Springs are below the adopted level of service standards; they have made budget cuts; and he believes the City has done everything it can to cut costs and make this work.

Commissioner Pugh asked what the County's reasons were for objecting to the proposal. Commissioner Shaw advised the County Commissioners felt 6.5 cents was too high in light of all the other requests that would be forthcoming. Commissioner Shaw stated he would support a continuance of this proposal until the other proposals, especially the animal shelter, are firmed up so that everyone would know just how much money will be needed compared to how much is available.

Following further discussion, Chairman Aiazzi called for a vote on the motion. The motion failed on a 4 to 2 vote with Commissioners Pugh and Shaw voting "no."

Commissioner Armstrong made another motion that the amount of the override be up to 6.5 cents rather than at 6.5 cents. Ms. Thomas explained that what that meant is that each year when the City of Sparks adopts its budget, they would be setting

the override at somewhere between zero and 6.5 cents, wherever it fit in the overlapping rate, which she would prefer rather than lowering the amount permanently. Commissioner Ainsworth seconded the motion.

Commissioner Pugh stated he would feel much more comfortable with a lower amount and if all the other proposals, budgets and operating rates were firmed up.

Chairman Aiazzi called for the vote. The motion failed with Commissioners Pugh and Shaw voting "no."

Commissioner Armstrong moved that the override amount be set at six cents. The motion was seconded by Commissioner Ainsworth.

In response to Commissioner Shaw, Mr. Sherman stated the County has not been delaying in doing the analysis on the animal shelter; and the best information he has at this time is construction and operation of a new animal shelter would be in the 2.5 cents range, but that does not include field operations. Mr. Sherman also pointed out that all three entities currently spend money both on operating the current facility and doing their own field operations. He advised that the suggestion has been made that, if all animal control services were funded by a tax override, the entities could roll-back their operating rates for what they currently spend on animal control services. Chairman Aiazzi explained in detail how that would work and that, as part of the conflict resolution process, such an agreement between entities would allow questions to go on the ballot when they exceed the cap.

Mr. Lipparelli agreed stating the Board could approve a proposal, even though it would mean the cap would be exceeded, only if there was a plan approved by the governing bodies of all affected municipalities within the area as to how the combined property tax rates would be brought into compliance with the statutory limitations.

Upon call for the question for approval at six cents, the motion failed with Commissioners Pugh and Shaw voting "no."

Chairman Aiazzi stated it was his understanding that the DMC can allow all bond issues to go on the ballot; and, if they pass and the cap is exceeded, there must be a resolution by the entities to reduce tax rates to stay under the \$3.64 cap. Bond Counsel Jennifer Stern agreed and provided more specific information. She also advised that if the local governments cannot come to an agreement on how to get back under the cap, the State Tax Commission will make the decision.

Mr. Lipparelli concurred, but advised that the conflict resolution process that would happen after an election is not through the DMC, and it is a difficult process whereby the three local entities would have to jointly convene a meeting.

Chairman Aiazzi stated the City of Reno has made concessions; the City of Sparks has lowered their amount; and asked when Washoe County was going to make some concessions.

Following further discussion, Commissioner Armstrong moved to approve and adopt the Resolution at 6.5 cents. Commissioner Ainsworth seconded the motion.

Commissioner Pugh stated he thinks five cents would be a fair number. Commissioner Armstrong stated the 6.5 cents is not enough to fund what the City of Sparks needs. He stated he could have requested eight cents on behalf of the City of Sparks, even though that would be over the cap.

Chairman Aiazzi again discussed the concessions made by the Cities, stating the County has made no such concession and pointed out how much more the County receives in property taxes than the two cities. Commissioner Shaw stated the Chairman was comparing apples and oranges noting the regional services provided by the County within the two cities.

Upon call for the question, the motion failed with Commissioners Pugh and Shaw voting "no."

A discussion ensued concerning recessing this meeting to a time certain so that agendas and notices would not have to be redone. Commissioner Armstrong then moved to continue the item to Friday, May 24, 2002, at 2:00 p.m. The motion was seconded by Commissioner Pugh; and upon call for the vote, the motion carried unanimously.

02-22DMC DISCUSSION - POLICY AND PROCEDURES FOR RESOLVING CONFLICTS, RESERVATIONS, COMBINING TAX OVERRIDE REQUESTS

Chairman Aiazzi advised that he added another topic to this on-going agenda item and that is a discussion of when an affected entity becomes an affected entity. He provided some background information and asked Legal Counsel to research this before the Board discusses it again.

02-23DMC INTERLOCAL AGREEMENT - COORDINATING SUBMISSION OF PROPOSALS FOR DEBTS AND SPECIAL ELECTIVE TAXES

Commissioner Ainsworth stated he has some suggested changes to the Draft Interlocal Agreement. Chairman Aiazzi stated he would like to get those kinds of comments to the Board members ahead of time so everyone would have an opportunity to review them before discussing them at the meeting.

MEMBER COMMENTS

Commissioner Pugh stated he wrote a letter to the Chairman and the Board members requesting reconsideration of the Reno parks bond and asked if it would be possible to put that on next Friday's agenda. Chairman Aiazzi stated that would not be possible unless a new agenda was done. He explained the process and Commissioner Pugh asked that his request for reconsideration be included on the agenda as soon as possible.

PUBLIC COMMENTS

David Farside, Sparks resident, asked if the Sparks fire item would be opened for public comment again. He pointed out that Sparks is also proposing an eight-cent increase in property taxes. Commissioner Armstrong corrected the amount at 7.82 cents.

4:50 p.m. Chairman Aiazzi recessed the meeting until Friday, May 24, 2002, at 2:00 p.m.

DAVE AIAZZI, Chairman
Debt Management Commission

ATTEST:

AMY HARVEY, Washoe County Clerk
and Ex Officio Secretary,
Debt Management Commission

*Minutes Prepared by
Sharon Gotchy*

**DEBT MANAGEMENT COMMISSION
WASHOE COUNTY, NEVADA**

SPECIAL MEETING

FRIDAY

2:00 P. M.

MAY 24, 2002

PRESENT:

David Aiazzi, Chairman, City of Reno
James Ainsworth, Vice Chairman, GID's
Tony Armstrong, Commissioner, City of Sparks
Dan Carne, Commissioner, School District
Jim Galloway, Commissioner, Washoe County*
Richard Pugh, Commissioner, At-Large
Robert Seach, Commissioner, At-Large

Nancy Parent, Chief Deputy Clerk
Jim Barnes, Legal Counsel

The Debt Management Commission (DMC) met pursuant to a recess taken on May 17, 2002 in the Chambers of the Washoe County Administrative Complex, 1001 East Ninth Street, Reno, Nevada, in full conformity with the law, with Chairman Aiazzi presiding. Following the Pledge of Allegiance to the flag of our Country, the Clerk called the roll and the meeting commenced for the purpose of conducting the following business.

Chairman Aiazzi noted that the carryover items from the May 17, 2002 agenda would be Item No. 8 concerning the City of Sparks Special Elective Tax Ballot Question and Item No. 12, Member Comments.

**02-24DMC RESOLUTION - CITY OF SPARKS – SPECIAL ELECTIVE TAX
BALLOT QUESTION**

Chairman Aiazzi reviewed the action taken by the Reno City Council, the Sparks City Council, and the Washoe County Commission at their Joint Meeting held Tuesday, May 21, 2002 concerning a compromise solution that would allow all proposed ballot issues to be considered. He advised that the three entities voted on a method to make four cents available for the regional animal shelter if the County decides to put it on the ballot. The agreement is that, if all the proposed ballot questions go forward and pass, one cent would be left that would go to animal control; the County would put one cent of their five cent tax increase toward animal control; and the Cities of Reno and Sparks would each lower their tax rate two cents by using the money they currently put into animal control services.

***2:03 p.m. Commissioner Galloway arrived at the meeting.**

Commissioner Galloway commented that, if the animal shelter bond passes, the revenues do not actually come in until July 1, 2003; the three entities are on public record with an agreement that would be going before the County Commission; all of the County Commissioners voted for the agreement at the Joint Meeting; and the agreement should resolve the recent impasse for the DMC. He said he sees no reason to oppose the Sparks override or Reno's parks bond, because they no longer conflict with the cap.

Commissioner Armstrong thanked Commissioner Galloway's remarks and Chairman Aiazzi for doing the legwork on the agreement and bringing everybody together on the cap rate issue. He said he does not see any further problems relative to the ballot issues.

Following further discussion and having resolved all conflicts with affected entities, on motion by Commissioner Armstrong, seconded by Commissioner Ainsworth, which motion duly carried, it was ordered that the following Resolution approving the City of Sparks ballot proposal to levy an additional property tax rate for fire protection purposes of 6.5 cents be adopted and Chairman Aiazzi be authorized to execute same.

RESOLUTION NO. 02-24DMC

A RESOLUTION CONCERNING THE SUBMISSION TO THE WASHOE COUNTY DEBT MANAGEMENT COMMISSION OF A PROPOSAL TO ISSUE GENERAL OBLIGATIONS; CONCERNING ACTION TAKEN THEREON BY THE COMMISSION; RESOLVING CONFLICTS AND APPROVING CERTAIN DETAILS IN CONNECTION THEREWITH.

WHEREAS, pursuant to §§ 350.011 through 350.0165, Nevada Revised Statutes ("NRS"), the City Council (the "Council") of the City of Sparks, Nevada (the "City"), notified the secretary of the Washoe County Debt Management Commission (the "Secretary" and the "Commission," respectively) of the City's proposal to issue general obligations and submitted a statement of the City's proposal in sufficient number of copies for each member of the Commission; and

WHEREAS, the City determined that Washoe County (the "County") is an affected governmental entity, notified the County Commission of the City's proposal, the estimated amount the proposal would increase property taxes and the potential effect of the increase on the County; and

WHEREAS, the County adopted a resolution objecting to the City's proposal which has been submitted to the Commission; and

WHEREAS, the Council proposes to submit the following proposal in a ballot question to the qualified electors of the City for their approval or disapproval:

FIRE PROTECTION TAX OVERRIDE PROPOSAL:

Shall the City Council of the City of Sparks be authorized to levy an additional property tax rate for fire protection purposes (including, without limitation, acquiring, constructing, equipping and improving fire protection facilities, the repayment of debt issued therefor, and operating and maintaining fire protection facilities) of 6.5 cents per \$100 assessed valuation for a period of 30 years commencing July 1, 2003? The cost for the owner of a new \$100,000 home is estimated to be \$22.75 per year.

(the "Proposal"); and

WHEREAS, pursuant to NRS § 350.0145, the Secretary, with the approval of the Chairman of the Commission, thereupon, within ten days from the receipt of the Proposal, gave notice of a meeting to be held not less than twenty days thereafter, and provided a copy of the Proposal to each member of the Commission with the notice of the meeting; and

WHEREAS, the Commission has heard anyone desiring to be heard and has taken other evidence relevant to its approving or disapproving the Proposal; and

WHEREAS, the Commission has received from the City a complete statement of current and contemplated general obligation debt, a debt management policy, a capital improvements plan (which includes the capital improvements proposed to be financed as provided in the Proposal) and a statement of the chief financial officer, in full compliance with subsection 1 of NRS 350.013; and

WHEREAS, the Commission has considered all matters in the premises.

NOW, THEREFORE, BE IT RESOLVED BY THE WASHOE COUNTY DEBT MANAGEMENT COMMISSION OF WASHOE, NEVADA:

Section 1. This resolution shall be known as the "2002 City of Sparks Fire Protection DMC Approval Resolution."

Section 2. The Commission, by adopting this resolution, resolves the conflicts between the County and the City and hereby finds that the requirements of NRS §§ 350.011 to 350.0165, inclusive, have been met, and the submission of the Proposal for the submission to the qualified electors of the City hereby is approved.

Section 3. The Commission and the officers thereof hereby are authorized and directed to take all action necessary or appropriate to effectuate the provisions of this resolution.

Section 4. All bylaws, orders, resolutions or parts thereof in conflict with this resolution are hereby repealed. This repealer shall not be construed to revive any bylaw, order, resolution or part thereof heretofore repealed.

Section 5. If any section, paragraph, clause or provision of this resolution shall for any reason be held to be invalid or unenforceable, the invalidity of unenforceability of the section, paragraph, clause or provision shall not affect any of the remaining provisions of this resolution.

Section 6. This resolution shall become effective and be in force immediately upon its adoption.

MEMBER COMMENTS

Commissioner Galloway provided and reviewed his memorandum dated May 23, 2002 concerning the animal shelter compromise and reflecting a discussion he had with some members of the three local governmental entities about a possible additional compromise relative to the jail payments.

Commissioner Galloway then suggested that, as the conflict with the tax cap has been eliminated, Mr. Pugh might consider not making a motion to reconsider the Reno parks bond. Commissioner Pugh then withdrew his request for reconsideration of the City of Reno arts and parks bond adopted by the DMC on April 26, 2002.

Commissioner Armstrong stated he thinks Commissioner Galloway's proposal concerning the jail payments might work well, but would like to see the three entities work together on how to move through the fiscal equity issue. Commissioner Galloway commented there are many different ideas about what equity is, and agreements made at the DMC represent a more concrete step-at-a-time process. Commissioner Armstrong said he would like to have some dialogue on the matter at the joint meetings.

Chairman Aiazzi stated it has been a good week for the community. He said good progress has been made on joint planning of the regional plan and some modifications to the DMC and possible future modification to the jail payment is going forward.

Commissioner Seach noted it was assumed the financial staffs could resolve the tax cap issues, but the principals, which is the DMC, need to assume that responsibility. He suggested that the At-Large DMC members be invited to observe issues affecting DMC matters, such as the discussion resulting in the Conflict Resolution Agreement presented at the Joint Meeting on May 21, 2002.

PUBLIC COMMENTS

There was no response to the call for public comments.

* * * * *

There being no further business to come before the Board, the meeting adjourned at 2:12 p.m.

DAVE AIAZZI, Chairman
Debt Management Commission

ATTEST:

AMY HARVEY, Washoe County Clerk
and Ex Officio Secretary,
Debt Management Commission

*Minutes Prepared By
Barbara Trow, Deputy County Clerk*

**DEBT MANAGEMENT COMMISSION
WASHOE COUNTY, NEVADA**

SPECIAL MEETING

FRIDAY

3:00 P.M.

JUNE 28, 2002

PRESENT:

David Aiazzi, Chairman, City of Reno
James Ainsworth, Vice Chairman, GID's
Tony Armstrong, Commissioner, City of Sparks
Dan Carne, Commissioner, School District*
Jim Galloway, Commissioner, Washoe County
Richard Pugh, Commissioner, At-Large
Robert Seach, Commissioner, At-Large

Amy Harvey, County Clerk
Paul Lipparelli, Legal Counsel*

The Debt Management Commission (DMC) met in the Council Chambers of Reno City Hall, 409 South Center Street, Reno, Nevada, in full conformity with the law, with Chairman Aiazzi presiding. Following the Pledge of Allegiance to the flag of our Country, the Clerk called the roll and the meeting commenced for the purpose of conducting the following business.

AGENDA

On motion by Commissioner Armstrong, seconded by Commissioner Pugh, which motion duly carried with Commissioner Carne absent, Chairman Aiazzi ordered that the agenda for the June 28, 2002 special meeting be approved.

PUBLIC COMMENTS

Dana Packard, area resident, spoke in favor of the proposed regional animal services shelter.

MINUTES

On motion by Commissioner Ainsworth, seconded by Commissioner Galloway, which motion duly carried with Commissioner Carne absent, Chairman Aiazzi ordered that the minutes of the April 19, 2002 meeting be approved.

02-25DMC GENERAL OBLIGATION BONDS – "2002 COUNTY ANIMAL SHELTER DMC APPROVAL RESOLUTION"

John Sherman, Finance Director, reviewed the proposal for Washoe County to issue \$10,750,000 in General Obligation Animal Control Bonds. He advised that on May 28, 2002 the Board of County Commissioners passed a Resolution requesting approval to issue Animal Control Facility Bonds in an amount not to exceed \$12,500,000, but only \$10.75 million, a levy of a special elective tax of up to three cents, is needed partly because a public/private partnership offered by the Human Society will provide \$2.5 million for the larger facility. He said that, in the event an agreement does not occur with the Nevada Humane Society, the facility would be scaled back, but staff is optimistic that the Agreement will go forward. Mr. Sherman advised that Reno, Sparks and Washoe County have agreed that the County would regionalize the animal services and an Interlocal Agreement was approved at the Joint Meeting a couple of weeks ago whereby the County would build and operate the facility and take over field services, and each jurisdiction would reduce their property taxes to offset the three-cent increase.

***3:10 p.m. Commissioner Carne arrived at the meeting.**

Mr. Sherman explained how the proposal would work within the \$3.64 cap and how the Interlocal Agreement agreed to by the three jurisdictions would impact the numbers if the ballot question passes.

Commissioner Galloway noted this assumes passage of all the other bond measures and, if any overrides and/or bond measures do not pass, there would be additional margin under the cap.

***3:15 p.m. Legal Counsel Paul Lipparelli arrived at the meeting.**

Mr. Sherman pointed out that, regardless of the election outcome in November, the three jurisdictions agreed that, if the regional animal shelter bond question passes, those rate adjustments would occur. He then provided a copy of the Interlocal Agreement for the Board members to review. Mr. Sherman advised that the ballot question would be coming before the Board of County Commissioners at their July 9, 2002 meeting. Discussion was held concerning the ballot question language and Commissioner Galloway stated that whatever language is drafted would need to be consistent with the Interlocal Agreement.

Upon inquiry of Commissioner Armstrong, Mr. Sherman advised that the issues and concerns brought forth by the City of Sparks during discussions regarding the agreement were included in the final agreement. One of the issues concerned bringing the animal control ordinances of the three entities into conformance.

Mr. Sherman discussed issues concerning how the tax rates would be adjusted to accommodate the three cents for the animal shelter and noted there would be very little, if any, increase to the taxpayer to provide the facility.

Chairman Aiazzi called on anyone present wishing to speak on this item and there was no response.

On motion by Commissioner Armstrong, seconded by Commissioner Ainsworth, which motion duly carried, Chairman Aiazzi ordered that the following Resolution be approved and Chairman Aiazzi be authorized to execute same:

RESOLUTION NO. 02-25DMC

A RESOLUTION CONCERNING THE SUBMISSION OF THE WASHOE COUNTY DEBT MANAGEMENT COMMISSION OF A PROPOSAL TO ISSUE GENERAL OBLIGATIONS AND LEVY A SPECIAL ELECTIVE TAX BY WASHOE COUNTY; CONCERNING ACTION TAKEN THEREON BY THE COMMISSION; AND APPROVING CERTAIN DETAILS IN CONNECTION THEREWITH

WHEREAS, pursuant to §§ 350.011 through 350.0165, Nevada Revised Statutes ("NRS"), the Board of County Commissioners (the "Board") of Washoe County, Nevada (the "County"), notified the secretary of the Washoe County Debt Management Commission (the "Secretary" and the "Commission," respectively) of the County's proposal to issue general obligations and levy a special elective tax and submitted a statement of the County's proposal in sufficient number of copies for each member of the Commission; and

WHEREAS, the County determined that there is not an affected governmental entity; and

WHEREAS, the Board proposes to submit the following proposal to the qualified electors of the County for their approval or disapproval:

GENERAL OBLIGATION (LIMITED TAX) ANIMAL SHELTER BOND AND TAX PROPOSAL:

Shall the Board of County Commissioners of Washoe County, Nevada, be authorized to incur a general obligation indebtedness on behalf of the County by the issuance at one time, or from time to time, of the County's general obligation animal shelter bonds in one series or more, in an aggregate principal amount not to exceed \$10,750,000 to defray wholly or in part the cost of acquiring, constructing, reconstructing, improving and equipping a county building project to be used as an animal shelter (the "Animal Shelter Project"), including, without

limitation, real property, structures, fixtures, furniture and equipment therefor and all appurtenances and incidentals necessary, useful or desirable thereto, such bonds to mature commencing not later than five (5) years from the date or respective dates of the bonds and ending not later than thirty (30) years therefrom, to be payable from general (ad valorem) taxes and to be issued and sold at, above, or below par at an effective interest rate (including any sale discount) not exceeding the statutory maximum rate, if any, otherwise to be issued in such manner, upon such terms and conditions, with such covenants and agreements, and with such detail as the Board may determine, including at its option but not necessarily limited to provisions for the redemption of bonds prior to maturity without or with the payment of a premium; and be authorized to impose a special elective property tax in an amount of not to exceed \$0.03 per \$100 assessed valuation for a period not to exceed 30 years for the purposes of providing funds to operate and maintain the Animal Shelter Project and perform related animal control functions?

(the "Proposal"); and

WHEREAS, pursuant to NRS § 350.0145, the Secretary, with the approval of the Chairman of the Commission, thereupon, within ten days from the receipt of the Proposal, gave notice of a meeting to be held not less than twenty days thereafter, and provided a copy of the Proposal to each member of the Commission with the notice of the meeting; and

WHEREAS, the Commission has heard anyone desiring to be heard and has taken other evidence relevant to its approving or disapproving the Proposal; and

WHEREAS, the Commission has received from the County complete statements of current and contemplated general obligation debt and special elective taxes, a debt management policy, a capital improvements plan (which includes the capital improvements proposed to be financed as provided in the Proposal) and a statement of the chief financial officer, in full compliance with subsection 1 of NRS 350.013; and

WHEREAS, the Commission has considered all matters in the premises.

NOW, THEREFORE, BE IT RESOLVED BY THE WASHOE COUNTY DEBT MANAGEMENT COMMISSION OF WASHOE, NEVADA:

Section 1. This resolution shall be known as the "2002 County Animal Shelter DMC Approval Resolution."

Section 2. The Commission hereby finds that the requirements of NRS §§ 350.011 to 350.0165, inclusive, have been met, and the Proposal for the submission to the qualified electors of the County of the issuance of general obligation bonds in the maximum principal amount of \$10,750,000 and the levy of a special elective tax in an amount of not to exceed \$0.03 per \$100 of assessed value for a period not to exceed 30 years for the Animal Shelter Project, hereby is approved.

Section 3. The Commission and the officers thereof hereby are authorized and directed to take all action necessary or appropriate to effectuate the provisions of this resolution.

Section 4. All bylaws, orders, resolutions or parts thereof in conflict with this resolution are hereby repealed. This repealer shall not be construed to revive any bylaw, order, resolution or part thereof heretofore repealed.

Section 5. If any section, paragraph, clause or provision of this resolution shall for any reason be held to be invalid or unenforceable, the invalidity of unenforceability of the section, paragraph, clause or provision shall not affect any of the remaining provisions of this resolution.

Section 6. This resolution shall become effective and be in force immediately upon its adoption.

DISCUSSION – FUTURE MEETINGS

Amy Harvey, County Clerk, advised that the DMC Annual Meeting is scheduled for July 19, 2002. The Board determined that the meeting would start at 3:00 p.m. Chairman Aiazzi requested that discussion concerning the interlocal agreement between the entities regarding coordination of the submission of proposals that was brought forth by Vice Chairman Ainsworth be put on the next agenda. He said the DMC has a year to reach some agreements and that process will be discussed at the next meeting, and he would expect to have discussion and set a schedule for what the DMC wants to accomplish in the next year.

Commissioner Carne said he would like to have discussion about the challenges the DMC faced over the last couple of months in trying to understand how the process works under the new statutes concerning the role of resolving conflicts and issues relating to the cap. He also stated the DMC had been forced into some rules and feels a discussion offering suggestions on changing or modifying them through Legislation would be helpful. Discussion was then held concerning legislative issues and Chairman Aiazzi commented that the DMC might want to meet monthly for a couple of months to discuss legislative matters.

Legal Counsel Paul Lipparelli suggested that he meet with his counterpart in Clark County concerning their experience with the DMC laws and would anticipate

being able to present information at the next meeting. Commissioner Galloway requested that an update from Paul Lipparelli regarding legislative issues be provided on July 19.

MEMBER COMMENTS

Commissioner Armstrong complimented County Clerk Amy Harvey and her staff on the minutes. He said they are simple to follow and it is easy to find items.

PUBLIC COMMENTS

There was no response to the call for public comments.

* * * * *

There being no further business to come before the Board, the meeting adjourned at 3:30 p.m.

DAVE AIAZZI, Chairman
Debt Management Commission

ATTEST:

AMY HARVEY, Washoe County Clerk
and Ex Officio Secretary,
Debt Management Commission

*Minutes Prepared By
Barbara Trow, Deputy County Clerk*

**DEBT MANAGEMENT COMMISSION
WASHOE COUNTY, NEVADA**

ANNUAL MEETING

FRIDAY

3:00 p.m.

JULY 19, 2002

PRESENT:

David Aiazzi, Chairman, City of Reno
Tony Armstrong, Commissioner, City of Sparks
Dan Carne, Commissioner, School District
Jim Galloway, Commissioner, Washoe County *
Richard Pugh, Commissioner, At-Large
Robert Seach, Commissioner, At-Large

Amy Harvey, County Clerk
Paul Lipparelli, Legal Counsel

ABSENT:

James Ainsworth, Vice-Chairman, GID's

The Washoe County Debt Management Commission (DMC) met in the Chambers of the Washoe County Administrative Complex, 1001 East Ninth Street, Reno, Nevada, in full conformity with the law, with Chairman Aiazzi presiding. Following the Pledge of Allegiance to the flag of our Country, the Clerk called the roll, and the Board conducted the following business:

AGENDA

On motion by Commissioner Armstrong, seconded by Commissioner Carne, which motion duly carried, it was ordered that the agenda for the July 19, 2002, special meeting be approved.

PUBLIC COMMENTS

There was no response to the call for public comments.

MINUTES

On motion by Commissioner Seach, seconded by Commissioner Armstrong, which motion duly carried, Chairman Aiazzi ordered that the minutes of the April 26, May 17, May 24, and June 28, 2002 meetings be approved.

* 3:08 p.m. Commissioner Galloway arrived at the meeting.

02-26DMC ACCEPTANCE OF ANNUAL INDEBTEDNESS REPORTS AND CAPITAL IMPROVEMENT PROGRAMS

County Clerk Amy Harvey advised that the Grandview Terrace General Improvement District (GTGID) did not file their reports; and, in response to inquiry, GTGID indicated they had nothing to report as they neither have nor contemplate any debt. Ms. Harvey stated they were requested to submit that information in writing. (The reports were received by the County Clerk on July 23, 2002.)

On motion by Commissioner Armstrong, seconded by Commissioner Pugh, which motion duly carried, Chairman Aiazzi ordered that the information concerning the Grandview Terrace GID be acknowledged, and that the Annual Indebtedness Reports and Capital Improvement Programs received from the following entities be accepted:

Airport Authority of Washoe County
Gerlach General Improvement District
Incline Village General Improvement District
North Lake Tahoe Fire Protection District
Palomino Valley General Improvement District
Regional Transportation Commission
City of Reno
Redevelopment Agency of the City of Reno
Reno-Sparks Convention and Visitors Authority
City of Sparks
Redevelopment Agency of the City of Sparks
South Truckee Meadows General Improvement District
Sun Valley General Improvement District
Truckee Meadows Fire Protection District
Truckee Meadows Water Authority
Verdi Television District
Washoe County School District
Washoe County

02-27DMC DISCUSSION - INTERLOCAL AGREEMENT BETWEEN MUNICIPALITIES - SUBMISSION OF PROPOSALS

Legal Counsel Paul Lipparelli stated the Board members need to discuss what policies they wish to establish and insert appropriate language in the areas where he used blanks, bullet points and wording in italics in the proposed Interlocal Agreement concerning submission of proposals by the entities. He also advised that staff does not believe it is possible, under the current Nevada Revised Statutes (NRS), to write binding regulations that would force all the municipalities to submit their proposals at the same time as the Commission is requesting. Mr. Lipparelli stated this Agreement would rely

solely on the good faith of the parties; and, with a legislative session coming up, he suggested it would be a good time to start discussing how the laws could be changed so the Board's wishes could be accomplished in a legally binding manner.

Commissioner Armstrong noted that Section 3.3 of the Agreement discusses emergency situations, and stated that "emergency" needs to be specifically defined.

Chairman Aiazzi stated it would be a good idea to look at both the proposed Agreement and the laws at the same time, but changing some of the laws governing the Debt Management Commission would be better. As an example, Chairman Aiazzi cited the time frames requiring meetings being set and action being taken on proposals within so many days; and he stated eliminating those deadlines would give the Board much more flexibility and enable them to hold proposals until the other proposals are submitted so they could be compared and considered against each other. Chairman Aiazzi further said that, in the meantime, the proposed Agreement should be sent on to the concerned entities (City of Reno, City of Sparks, Washoe County, and Washoe County School District), along with an explanation of the problems this Board had to deal with these past few months and the reasons for seeking the Interlocal Agreement, to see if the local entities would approve and sign it.

Commissioner Galloway agreed that a good definition of "emergency" would be necessary and stated, if something could wait several months for a general election, it probably is not that much of an emergency; and, if not, the entity would probably call a special election. In regard to Article 3.1 of the proposed Agreement, Commissioner Galloway suggested that the submission date should be in early June because all the entities would have finalized their budgets and adopted their tax rates by then.

Commissioner Carne stated that, unless something happens at the State level regarding the tax cap, this Board is going to be in this situation for years to come; and their ability to approve proposals will always depend on what the entities do with their budgets and tax rates. He agreed the DMC needs to review all of the proposals each year after the budgets are adopted so their work is not pre-empted.

Commissioner Armstrong advised that the League of Cities will be proposing legislation to increase the tax cap, or to change the way it is used so that certain kinds of voter initiatives do not affect the cap, or to give each entity its own cap.

Chairman Aiazzi stated the name Debt Management Commission is really a misnomer because this Board is really limited in what it can manage. He further stated if everything on the November ballot passes, the area would be at the tax cap for several years to come. That being the case, he asked if anything really needed to be changed, especially since the Board did manage to get through all the problems this year.

Commissioner Armstrong presented the scenario of the legislature raising the cap to \$5.00, the Board receiving many proposals again, which if all passed would put the region over the cap, and asked how the Board would handle that kind of situation.

Commissioner Galloway stated they managed it this year by not knowingly approving anything that would take the combined tax rate over the cap. He said if all the tax override proposals were submitted to the DMC at the same time, and if that occurred after the tax rates were set by the entities, the Board would be able to do its job of not letting the total combined tax rate go over the cap. He noted that groups have indicated June is too late for them to start their campaigns for their proposals, but stated he does not necessarily agree with that because discount media rates don't start until July 20th and the groups have already done a lot of their work just to get their proposal to the DMC.

Chairman Aiazzi suggested the Interlocal Agreement be moved along to the different agencies for their input and possible approval, with the date for submittal of proposals being left open. The Board's discussion and suggestions concerning the date and a definition of emergencies should also be passed along to the agencies.

Mr. Lipparelli cited the definition of "emergency" in the Nevada Revised Statutes concerning the DMC, but stated he was not sure that would satisfy what the Board is trying to accomplish with this proposed Agreement, which is trying to get all the proposals submitted at the same time so the Board can compare, prioritize and divide up the remaining cap according to the law. He further stated that the wording suggested by Commissioner Ainsworth in Section 3.1 regarding the date for submission of proposals would allow an entity to come in early in the year with their proposal, possibly ahead of other proposals, and before tax rates are known.

Commissioner Armstrong moved that the "Lipparelli" draft of the Interlocal Agreement be forwarded to the Reno City Council, the Sparks City Council, the Washoe County Commission, and the Washoe County School District Board of Trustees for their review, input, and changes and then brought back to the DMC.

Chairman Aiazzi pointed out that all the entities have their Capital Improvement Plans established for five years into the future and asked why the Board has to make these decisions four months before an election. He proposed that the entities should submit their requests by September of the year before a general election year.

Commissioner Galloway asked if the motion could include also forwarding the comments and suggestions made by the Board members and by Mr. Lipparelli. Commissioner Armstrong stated he would add that to his motion. Commissioner Galloway seconded the motion.

Commissioner Carne asked about the provisions for special elections. Mr. Lipparelli explained that the proposed Agreement does not seek to take away an entity's statutory rights; and special elections would provide a way out of the Agreement. He

further advised there are certain tests under NRS that have to be met to hold a special election.

Chairman Aiazzi called for the vote and the motion carried unanimously. He stated he would work with Mr. Lipparelli to draft a letter to the entities to be sent along with the Agreement and asked the Board members to get the proposed Interlocal Agreement on their respective Boards' meeting agendas for consideration and action.

02-28DMC DISCUSSION AND POSSIBLE ACTION - LEGISLATIVE CHANGES

Paul Lipparelli, Deputy District Attorney, reported that he did speak with the Clark County Deputy District Attorney who represents the Clark County Debt Management Commission (DMC) explaining the quandary Washoe County, Reno, Sparks and the School District are in because of being at the tax cap in order to ascertain how Clark County would react to some of the legislative changes this Board would like to seek. What he learned was that, although Clark County is not close to the \$3.64 cap, they would be interested in knowing about any legislative changes the Washoe DMC might propose and would want to have a chance to review them, make comments, and to see whether they impact Clark County. Mr. Lipparelli further stated they discussed the major areas of concern, which are affected entities, deadlines and timing of proposals, and the over-the-cap phenomenon; and he believes he did, at least, sensitize the Clark County Deputy District Attorney to the problems faced by this Board this year. He said specific changes need to be articulated so they can be studied and refined, and then it would be essential to get all involved parties to sign off on the changes before taking them to the legislature.

Chairman Aiazzi asked Mr. Lipparelli if he would begin drafting the changes to the statutes. Mr. Lipparelli stated he would do so and the method he would follow would be to leave blanks where the policy needed to be set by the Board similar to the way he did the Interlocal Agreement with a menu of suggested options.

Chairman Aiazzi stated another idea to be considered could be that some of the more restrictive laws do not take affect until a certain percentage of the cap is reached, and that might also alleviate any concerns Clark County would have.

In response to Commissioner Pugh's concern regarding property taxes and going over the cap, Mr. Lipparelli explained there are basically three layers of discretion for the DMC. The bottom layer is when the combined overlapping rate is not within ten percent of the threshold; there are no cap problems; there are no affected entities; and the Board's discretion is limited. The middle layer is when the rate is within ten percent of the cap, which triggers the Board's ability to evaluate the public need for a project according to the essential-nonessential priorities established by the Board. The top layer is when there is an affected entity and cap impacts, which is when the DMC has to arbitrate the disputes between affected entities and determine how to make the debt fit within the cap.

Commissioner Armstrong suggested the Board might want to try to get their changes included in the legislation that the League of Cities or National Association of County Officials will be proposing. Commissioner Carne suggested they should ascertain which legislative committee would handle these issues and explain the situation to them.

John Sherman, Washoe County Finance Director, advised that there is a standing legislative committee called the Committee on Local Government Taxes and Finance, which is primarily where this type of legislation originates. Commissioner Carne asked if the DMC should request to be on their agenda. Mr. Sherman stated he would make an inquiry.

02-29DMC DISCUSSION AND POSSIBLE ACTION - GOALS AND WORK PROGRAM FOR 2002/2003

It was the consensus of the Board that one of their goals would be to pursue the legislative changes. Chairman Aiazzi stated another goal would be to try to get the Interlocal Agreement finalized.

Commissioner Armstrong stated he would like to see the non-elected representatives on the Debt Management Commission receive some kind of stipend in recognition of their service to this Board and the community. Chairman Aiazzi noted that would probably also require a legislative change.

02-30DMC DISCUSSION - FUTURE MEETINGS

Chairman Aiazzi suggested August 23rd for the next meeting date, and Mr. Lipparelli stated he would have some draft legislative changes ready for the Board's review by then.

Mr. Lipparelli stated an item that should have been considered at this Annual meeting was establishing the percentage of the cap that would trigger the middle layer of discretion. He advised the Board previously set it at 90 percent and suggested that an item be included on the next meeting agenda for Board discussion and possible change. Mr. Sherman stated another one of the requirements of that statute is establishing priorities between essential and non-essential services.

Commissioner Carne requested staff provide some comparison information relative to what would have happened to the proposals that came before the Board this year had the percentage of the cap been set at various other levels.

Chairman Aiazzi directed that the next meeting be set for Friday, August 23, 2002; and that the agenda include proposed legislation and possible changes to State laws concerning the DMC, establishing the percentage of the cap, and a discussion concerning providing a stipend to the non-elected members. The Board agreed that the

suggested dates of October 18, 2002, February 14, 2003, April 18, 2003 and July 18, 2003 be set for the quarterly and annual meetings for 2002/2003.

MEMBER COMMENTS

Chairman Aiazzi expressed his belief that the Board worked very well this year through difficult and trying issues; and he stated he feels the community was very well served. He congratulated his fellow Board members and staff for their efforts with special recognition to Legal Counsel Paul Lipparelli.

PUBLIC COMMENTS

There was no response to the call for public comments.

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4:27 p.m. There being no further business to come before the Board, the meeting adjourned.

DAVE AIAZZI, Chairman
Debt Management Commission

ATTEST:

AMY HARVEY, Washoe County Clerk
and Ex Officio Secretary,
Debt Management Commission

*Minutes Prepared by
Sharon Gotchy*

**DEBT MANAGEMENT COMMISSION
WASHOE COUNTY, NEVADA**

SPECIAL MEETING

FRIDAY

3:00 p.m.

AUGUST 23, 2002

PRESENT:

David Aiazzi, Chairman, City of Reno
James Ainsworth, Vice-Chairman, GID's *
Tony Armstrong, Commissioner, City of Sparks
Dan Carne, Commissioner, School District
Jim Galloway, Commissioner, Washoe County *
Richard Pugh, Commissioner, At-Large *
Robert Seach, Commissioner, At-Large

Nancy Parent, Chief Deputy Clerk
Paul Lipparelli, Legal Counsel

The Washoe County Debt Management Commission (DMC) met in the Reno City Council Meeting Chambers at Reno City Hall, 490 South Center Street, Reno, Nevada, in full conformity with the law, with Chairman Aiazzi presiding. Following the Pledge of Allegiance to the flag of our Country, the Clerk called the roll, and the Board conducted the following business:

AGENDA

In accordance with the Open Meeting Law, on motion by Commissioner Armstrong, seconded by Commissioner Carne, which motion duly carried, it was ordered that the agenda for the August 23, 2002 special meeting be approved.

PUBLIC COMMENTS

There was no response to the call for public comments.

MINUTES

On motion by Commissioner Armstrong, seconded by Commissioner Carne, which motion duly carried, Chairman Aiazzi ordered that the minutes of the July 19, 2002 annual meeting be approved.

02-31DMC DISCUSSION/DIRECTION - POSSIBLE LEGISLATIVE CHANGES TO DMC STATUTES

Paul Lipparelli, Deputy District Attorney, distributed a paper entitled "Draft Changes to Select Sections of NRS Chapter 350" and stated these ideas are his "best guess" as to the desired changes the Board has been discussing over the past several months. He emphasized these suggestions are a starting point for the discussion and are not recommendations from him concerning what should be changed. He then reviewed each of the proposed changes, which were presented to the Board in "redline" format.

*** 3:10 p.m. Commissioners Galloway and Pugh arrived.**

The first change concerned adding a provision that an entity proposing a debt that would increase the property tax rate would have to provide the written approval or objection of an affected entity to the DMC [NRS 350.0135(1)(c)]. The definition of "affected entity" was also discussed.

The second change, under NRS 350.0135(2), would establish a timeframe for an affected entity to either approve or object to a proposal. Mr. Lipparelli stated both the Washoe County and Clark County DMC's have been using 45 days, but there is no clear, legal authority to do so. John Sherman, Washoe County Finance Director, asked what procedure would be followed if an affected entity did not respond. Mr. Lipparelli explained that, according to other sections of State law, the DMC cannot forward a proposal to the voters until it has obtained approval from the affected entity or has gone through the process of resolving the conflict between the entities. Commissioner Galloway stated if an affected entity does not object, the DMC should deem the proposal approved. Commissioner Armstrong agreed. Commissioner Galloway then suggested that an affected entity that did not object to another entity's proposal should also be prohibited from raising property taxes. A lengthy discussion then ensued concerning the pros, cons and ramifications of such legislation.

The third proposed change concerned establishing a period of time to be set by the DMC for how long a reservation should be in place when an entity reserves a percentage of their allowable, but unlevied, property tax rate under NRS 350.0135(7)(c). Chairman Aiazzi clarified this would allow the Board to set a limit so that an entity would have to use their reservation within a certain time period or give it up. Mr. Sherman stated the Finance Directors have discussed this and believe three years would be appropriate because that would be consistent with the timeframes for issuing debt. He said there also needs to be recognition that different debts have different timeframes.

Mr. Lipparelli stated the next proposal concerns having the affected entity provisions also apply to rate reservations. Chairman Aiazzi asked if that would include the 45-day timeframe for objecting as well as everything else. Mr. Lipparelli stated it would.

The next change, under NRS 350.0135(9)(a)(2), would provide more clarification for determining when an affected entity becomes an affected entity by using current final budgets.

*** 3:33 p.m. Commissioner Ainsworth arrived.**

Mr. Lipparelli then reviewed proposed changes to NRS 350.014(4), concerning criteria the Board should review when considering proposals, to add that the Board could consider any factors disclosed by the proposing entity and by any overlapping entities. He also stated it is under this section that the DMC cannot approve a proposal that would affect the ability of an affected entity to levy its allowable property tax rate, so more discussion needs to be had concerning a proposal being "deemed approved" when an affected entity does not express its objection.

The statutes concerning the Board's deadlines for setting, holding and continuing hearings on proposals were discussed. Mr. Lipparelli's suggested wording under NRS 350.0145(1), would allow the Commission to adopt their own regulations, by at least a two-thirds vote, so they could consider all the proposals at the same time or defer decisions until such time as all other proposals could be heard. Mr. Lipparelli stated if that change to State law could be accomplished, some of the other issues would become less important. Mr. Sherman stated a date would have to be established so the DMC could not defer proposals past a reasonable timeframe in order for groups to be able to get their proposals on the ballot. Commissioner Galloway asked what would happen if the date was set too early and a proposal came in after the date. Chairman Aiazzi expressed his belief that the Board should not accept proposals after an established deadline. Mr. Sherman stated the deadline for getting proposals on ballots is July 15, so that would need to be considered.

Commissioner Armstrong stated it appears obvious that the tax cap is going to be discussed at the Legislature, but the outcome is an unknown; and whatever happens might affect everything the Board has been discussing. Commissioner Galloway stated the State may raise the cap, but there will probably always be a cap; and sooner or later the same problems would arise when overlapping rates approach the limit.

Chairman Aiazzi noted the timeframe for submitting bill draft requests (BDR's) has passed and asked if there was anyone who could bring these changes forward to the Legislature. Mr. Sherman stated one option would be to get a Legislator to carry a bill. Another option would be through the Committee on Local Government Finance. Mr. Sherman stated both he and Andrew Green, City of Reno Finance Director, sit on that Committee; the Committee is aware some counties are having problems; and they have formed a sub-committee to work on a BDR and find a Legislator willing to carry it to the Legislature. He also cautioned the members that Washoe County is not the only County having problems.

Mr. Green asked if the Board would have the ability to change the rules concerning accepting and considering proposals once they are adopted.

Chairman Aiazzi suggested forwarding these changes to the Committee with the Board's comments to make them aware of the problems the Board faced this past year. Commissioner Galloway stated he would support that action and further stated he does not like the idea of having exceptions to rules or the Board having the ability to change rules once they are established.

Commissioner Ainsworth asked if these changes would apply to the issues that come before the Board that do not go to a vote of the people. Mr. Lipparelli stated these changes generally apply to proposals that increase the property tax rate.

Mr. Lipparelli then noted the five-year Capital Improvement Plans (CIP's) that every entity files with the Board each year and stated the purpose of requiring that filing is so that the Board knows in advance what the entities will be proposing in the future. The problem, however, is that the entities can change their CIP's, and it is the difficult job of the DMC to try to examine everything when considering proposals. He said there might be times when the Commission has to deny a proposal.

Mr. Sherman stated he would carry these proposed changes to the Committee and he was confident he could get them included in a BDR. He further advised that the Legislative Committee did meet earlier today and did vote to request a BDR be drafted that included: 1) lowering the local government property tax cap from \$3.64 to \$3.14; and 2) taking the tax rates for the School District (currently 75-cents for operating and 38+-cents for debt) and the tax rate for the State (15-cents) out of the cap. Mr. Sherman explained their concept is the School Districts' tax rates are part of State funding of the School Districts; and this would create an additional buffer for the State, which could then impose whatever rate it wants. He reported there is also a proposal by the Governor's Task Force that would potentially add 10-cents to the tax rate.

Commissioner Seach asked how the members would be informed of what the committees and the Legislature do with these suggested changes. Commissioner Pugh asked who would lobby this in Carson City. Mr. Green stated staff could provide update reports to the Board, and it would probably be staff doing the lobbying efforts.

02-32DMC DISCUSSION/DIRECTION - STIPEND FOR NON-ELECTED BOARD MEMBERS

Commissioner Armstrong stated he brought up the idea of providing a stipend to the Board members who are not elected officials because it is important to recognize citizens who put in so much time and effort on behalf of the community. Commissioner Galloway reported that Washoe County pays its Planning Commissioners \$80 per meeting and that he thought that would be a fair amount.

Chairman Aiazzi asked Legal Counsel what the statutes provide concerning this matter. Mr. Lipparelli stated Chapter 350 is silent about paying Board members and pointed out that the DMC does not have a budget or a funding source. He said he would recommend that authorizing payment for the non-elected Board members

be included in the proposed legislative changes. Mr. Lipparelli also advised that if the members are compensated, there might be Ethics Commission rules and financial report filings to be considered. Chairman Aiazzi asked staff to research this matter further and bring more information back to the Board at a future meeting.

MEMBER COMMENTS

Commissioner Carne presented the Board members with campaign buttons in favor of the School District's "rollover" ballot question and asked for their support. Commissioner Armstrong expressed his support. Chairman Aiazzi stated he likes the School District's idea because trying to plan ten years into the future is very difficult without identified funding and this would enable the School District to better plan.

PUBLIC COMMENTS

There was no response to the call for public comments.

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4:40 p.m. There being no further business to come before the Board, the meeting adjourned.

DAVE AIAZZI, Chairman
Debt Management Commission

ATTEST:

AMY HARVEY, Washoe County Clerk
and Ex Officio Secretary,
Debt Management Commission

*Minutes Prepared by
Sharon Gotchy*